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FOREIGN ASSISTANCE AND STATE DEPARTMENT AUTHORIZATION BILLS

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

APRIL 18, 1989

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FOREIGN ASSISTANCE AND STATE DEPARTMENT AUTHORIZATION BILLS

TUESDAY, APRIL 18, 1989

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 9:38 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Biden, Sarbanes, Cranston, Kerry, Simon, Sanford, Moynihan, Robb, Helms, Lugar, Kassebaum, Boschwitz, Pressler, McConnell, Humphrey, and Mack.

The CHAIRMAN. The Committee on Foreign Relations will come to order.

It is a pleasure to again welcome Secretary of State Baker.

Today we begin a series of hearings on the administration's fiscal year 1990 budget request for foreign assistance and the State Department, and we look forward to Secretary Baker's testimony on how the recent budget agreement impacts on the various foreign aid programs and State Department operations.

Although the administration has not yet transmitted foreign assistance authorization legislation to Congress for the coming fiscal year, we hope to begin a dialog today on what legislative changes the administration may seek in this area and what legislative initiatives members of our committee believe will improve program operations.

We have received the administration's proposed legislation, and have introduced the bill in the Senate by request.

I think the proposed legislation breaks important new ground in a number of areas.

I am particularly pleased by the administration's decision to request full funding for the U.S. assessed contribution to international organizations and the request for funds to meet our new peacekeeping obligations. This, if implemented, will bring us out of the "deadbeat" category that we fill at this time.

These increases are clearly warranted, too, by the U.N.'s new responsibilities in Afghanistan, Southern Africa, the Persian Gulf, and the improvements it has made in its budget process.

Some of the other increases may be harder to justify. Particularly here I think is the request for a 45-percent increase in funds for the acquisition and maintenance of what I would characterize as the fortification of buildings abroad.

The committee will be looking into that and other programs in the weeks ahead.

I would also add that when we get a full quorum, we will break for a few moments while we vote on various nominees who are on the agenda that is before us.

I would turn now to the ranking minority member and ask him if he would care to make a statement.

Senator HELMS. Mr. Chairman, thank you very much. It is good to have Secretary Baker back with us.

When he was here for his nomination hearing, he pledged intensive consultation with the Congress and with this committee in particular, and he has kept his word.

I appreciate it.

I will say to you, Mr. Secretary, that I have heard many other Senators say the same thing. You are accessible. I know it is a burden to take all of the telephone calls, but sometimes we get burdened, too.

I never have any trouble getting the Secretary on the telephone.

Obviously, consultation does not mean agreement. When two people agree all the time, one is doing the thinking for the other. There are going to be disagreements on the substance of policies, and you have to agree to disagree agreeably.

But I hope in the future, Mr. Secretary—and I say this in the friendliest of spirits—there will be no disagreements over the methods of obtaining congressional support for the President's policies. I think a mistake may have been made in that so-called bipartisan accord on Central America while the Senate was out of session. Senators were all over, everywhere, not only around the country, but around the world.

I remember the meetings we had and the considerable doubts, and I also remember on the floor that the instructions from the administration were to table every amendment, don't try to improve this thing, this is the best we are going to get, and probably it was.

Nevertheless, the administration agreed to a proposition that astounded many Americans who have been interested in Central America for a long time, and most Republicans felt obliged to go along with it, even though they are fearful that it means the dismantlement of the last effective force for non-Communist government in Nicaragua.

I hope we are wrong about that, and time will tell.

I will also note that the substance of the agreement may be overshadowed by the unconstitutionality of that part of the agreement which allows a legislative veto by one House or one committee or one Member of Congress, for that matter.

It is interesting that the Senate, by a vote of 98 to 0 last Thursday, tabled an amendment that I had offered. They tabled it at my urging. I had said at the outset that I was going to vote against it myself.

But that amendment would have included in the law the text of the proposed letters to congressional leaders granting the unconstitutional veto of obligation of funds after 7 months.

Now, the Senate's rejection of the text sort of puts the Senate in a box, and that is precisely where I wanted the Senate to be when I offered the amendment.

The rejection of the text of the letter demonstrates, obviously, that it is not supported by the Senate. Hence, the future of the so-called agreement may be in question.

We will have before us bills to authorize funding for the State Department and foreign aid out of the so-called 150 account, the foreign affairs function in the budget.

According to the budget agreement reached by the administration, $300 million will have to be reduced from administration requests already sent to us. We are going to need guidance from the administration as to the priorities on where and what to cut.

There are other problems, as well.

The House has authorized conditions on contributions to the U.N. peacekeeping force in Namibia. Perhaps I am sort of facetious when I say that some of the funding should be diverted to the South African forces since they have been required to assume the peacekeeping function willy-nilly.

In any case, we need to reach an agreement with the administration on how the peacekeeping funds can be structured, so that there will be a lasting peace with freedom in Namibia, and an opportunity for Angola to benefit from Jonas Savimbi's able leadership.

Similarly, Mr. Chairman and Mr. Secretary, we need to reach agreement on the Moscow Embassy.

The Senate has voted time and time again to tear that fool thing down. I note that the present bill is asking for one more study. Some people apparently have not gotten the message yet about that act of folly.

Finally, I note that there is a wide divergence between Congress and the State Department on sanctions against governments and enterprises which deliver poison gas technology to terrorist states. Now that the peaceloving Soviet Union—"perestroika and all of that"—is about to deliver SU-24 bombers to Libya, I guess it becomes imperative that we reach an agreement to act quickly and effectively.

Anyway, these are subjects that we can discuss among others this morning.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

We will turn now to Secretary Baker, and we would hope the statement might not be too long, because we then want to get on to questions.

My understanding is that you have an engagement that you must fulfill a little before 12, so we will try to get you out by then.

STATEMENT OF HON. JAMES A. BAKER III, SECRETARY OF STATE

Secretary BAKER. Thank you, Mr. Chairman.

I have an extensive written statement that I would ask be inserted into the record.

The CHAIRMAN. Without objection.

Secretary BAKER. Let me simply say, briefly, that I am honored to appear before you as Secretary of State to discuss our foreign policy and our fiscal year 1990 budget proposals in support of that policy.

The budget summit agreement, which was alluded to a moment ago, I think represents a willingness both on the part of Congress and the executive branch to work cooperatively to address the serious issues which now confront our country.

I am pleased, Mr. Chairman, that the budget negotiators recognized the special importance of adequate funding for the international affairs programs, budget function 150, when they set the overall levels of spending for fiscal year 1990.

All elements of our original request for function 150 cannot be met, of course, under the agreed ceiling, as Senator Helms just pointed out. Nevertheless, if Congress authorizes and appropriates the full amount agreed in the summit negotiations, with a minimum number of restrictive earmarks, I am reasonably confident that we will be able to meet our most pressing needs.

For the 150 account, we had asked for $19.3 billion in discretionary spending authority, with an additional level for the Ex-Im Bank, to be determined in negotiations between the Congress and the executive branch.

The President and the joint leadership have now agreed to set function 150 discretionary spending at $19 billion even. Our request, as submitted to the Congress, has two major components. First is our aid program. The $14.6 billion in discretionary funds that we seek for this program, Mr. Chairman, enable us to help our friends and allies. Of that amount, $5.3 billion, or 36 percent, will be provided to help sustain the security of Israel and Egypt; $1.8 billion, or 12 percent, is for Portugal, Greece, Turkey, and the Philippines, in fulfillment of the best efforts pledges that we made when our base rights agreements were negotiated. And $1.1 billion, or 7 percent, will fund assistance to key friends—Pakistan, Thailand, Kenya, Somalia, Tunisia, Jordan, Oman, and Morocco. Just over $900 million, or 6 percent, will support our efforts to foster peace and democracy in Central America. Just over $150 million goes to four Andean democracies—Colombia, Ecuador, Peru, and Bolivia—which are threatened by narcotics traffickers.

An additional $800 million would provide humanitarian and developmental aid to countries in sub-Saharan Africa and fund small-scale, but critical, military aid programs there. And $900 million, or 6 percent, would support other bilateral programs in the Caribbean, Asia, and around the globe.

Our request also includes $1.6 billion for the multilateral development banks, to honor current U.S. commitments of about $1.3 billion and to clear roughly $300 million in arrearages.

The remainder of our request, which is some $2 billion, provides funding for the Peace Corps, for voluntary contributions to such international organizations as the United Nations Development Program and UNICEF, and for items like AID operating expenses, refugee assistance programs, and international narcotics control.

As in previous years, we are seeking to maintain the relative proportion of economic assistance to military aid at roughly 2-to-1.

On the security side, I would also like, Mr. Chairman, to note these changes.

For fiscal year 1990, our request for discretionary security assistance funding is $8.5 billion. That compares with $8.1 billion appropriated for fiscal years 1988 and 1989.

But our fiscal year 1990 request is less than the level which was appropriated in fiscal years 1985, 1986, or 1987.

For the first time, we are not seeking an allocation of MAP funds for specific country programs. Instead, we are combining MAP and FMS and requesting that the total, which is approximately $5 billion, be provided in the form of forgiven FMS credits—that is to say, grants.

This enables countries capable of doing so to apply defense assistance to commercial purposes.

The all-grant program initiative is part of our effort to strengthen new, fragile democracies and ease the financial burden of countries whose economic health is vital to our national interest.

The second part of our overall request finances the operations of the Department of State, USIA, the Board for International Broadcasting, and other, smaller, foreign affairs agencies.

These funds will enable us to conduct diplomatic and consular operations in our increasingly complex world.

In the administration of foreign affairs account, we provide for State Department salaries and expenses, a vital component in an agency which depends so much on its people at home and around the world.

We use these funds, Mr. Chairman, to provide for the security of our personnel, facilities, and operations. They also allow us to acquire and to maintain our buildings abroad.

Out of this part of our request, we propose to pay in full, to the extent permitted by law, as you have mentioned, Mr. Chairman, our assessed contributions to the United Nations and other international organizations for peacekeeping activities and U.S. participation in multilateral conferences.

Congressional approval of the full amount requested will enable us to pay $46 million of prior year arrearages. These funds would be directed toward special activities that are mutually agreed upon by the U.S. and the respective international organizations, and payment would be conditioned upon such arrangements.

Let me conclude, Mr. Chairman, by returning to the need for change.

It is clear to me that we need new legislation giving the executive branch more latitude to manage its limited resources. To this end, I want to read to you the House Foreign Affairs Task Force's conclusion, and I quote:

> The current 500 pages of foreign assistance legislation, developed over the past 28 years, are strewn with obsolete, ambiguous, and contradictory policies, restrictions, and conditions.

If we are given the needed flexibility, the levels in our fiscal year 1990 budget request will enable us to fund on a modest scale programs that we have had to curtail sharply in recent years.

To sum up, the executive branch and the Congress need to work together if we are going to promote America's most fundamental interests and objectives in today's challenging world.

Given budget constraints, the U.S. Government of course is going to have to learn to do more with less.

I want you to know, Mr. Chairman, and the members of this committee to know that we, in the State Department, do take this

lesson seriously, and we can do more with less if the trend toward added reporting requirements, earmarks, and restrictions is reversed.

But, as a nation, however, we cannot afford to diminish our effectiveness abroad. America has got to remain a strong force around the globe for peace, for humanity, for democracy, and for prosperity.

That, Mr. Chairman, is the real bottom line that we are talking about in this hearing today.

Thank you.

[The prepared statement of Secretary Baker follows:]

PREPARED STATEMENT OF JAMES A. BAKER, III

Mr. Chairman, Members of the Committee:

I am honored to appear before you today to discuss our foreign policy and our Fiscal Year 1990 budget proposal in support of that policy.

When I appeared before this Committee for my confirmation hearings in January, I said that the President and I are optimistic that America has the ability to lead the world toward a promising future. To do that, we also must understand our world and the way it is changing. And we must have the resources to do the job right.

I pointed out that in all the transformations underway -- the democratic revolution, the spread of free enterprise, ferment in the communist world, rapid advances in technology, and changing strategic-military relationships -- there are trends to be found favorable to our interests. But there is and can be no reason for complacency. Every one of these transformations holds within it a contrary trend that could set us back.

-- We could advance toward an increasingly democratic world, or, if fragile democracies fail, the cause of freedom could be set back.

-- The international economy could continue to grow, or the stresses of competition could lead to protectionism and rival trading blocs -- ultimately to the disadvantage of all.

-- The international community of nations could act to deal with transnational dangers such as environmental hazards, terrorism and the drug trade, or these problems could grow worse because of a failure to work together.

-- A properly conceived approach by the Atlantic Alliance could extend the progress we have made with the Soviet Union. Or through mistakes on either side of the Iron Curtain, this opportunity could be lost.

-- Finally, new military technologies could provide greater stability at lower levels of forces. Or we could encounter a new and darker age if we cannot halt the spread of weapons that put nations on a hair-trigger, particularly in politically unstable regions.

This Administration pledges to work with you, Mr. Chairman, with the Members of this Committee and with others in Congress to ensure that our nation remains in a strong position to tackle the foreign policy challenges ahead.

To succeed, we must approach foreign policy in the spirit of bipartisanship. Proceeding together in a bipartisan fashion also means more than just verbal agreement. It also requires a pragmatic investment of funds.

The Foreign Affairs Agenda

Now, let me touch upon some key actions in foreign policy that the Bush Administration has undertaken since I last appeared before this Committee.

First, as I noted in my confirmation hearings, our agenda begins with the neighborhood, the countries of our continent. The President has indicated the importance we place on our relationships with both Canada and Mexico. That was emphasized by his early meetings with Prime Minister Mulroney and President Salinas. Our dealings with these two vital neighbors have gone beyond the symbolic. We have taken the initiative on two issues at the top of their respective agendas. We are working with Mexico to reduce that nation's burden of debt. And the President committed himself to introduce legislation that establishes a definite timetable for substantial reductions of the chemicals that create acid rain.

To the South, we have equally significant issues to consider.

I'd like to reiterate the suggestion I made in my confirmation hearing. In 1992, we will celebrate the 500th anniversary of Columbus' voyage of discovery. Let us mark that event now by embarking on a voyage of rediscovery -- of the Caribbean and of South America. Our neighbors are engaged in a quest for economic progress and greater freedom. We share many of their interests. And together we also face the scourge of drugs. We are taking a fresh look at these problems.

Second, we have reached a bipartisan consensus on a plan to lead Central America away from the conflict of recent years and toward a future of democracy and economic progress. This plan addresses a problem that for too long has not only divided our neighbors abroad but Americans here at home.

The Bipartisan Accord signed in March clearly states the objectives of our policy toward Nicaragua and Central America. Those objectives are democracy, an end to subversion of neighbors and an end to Soviet bloc military ties that threaten U.S. and regional security. The Accord draws upon the Esquipulas II agreement, authored by President Arias of Costa Rica, and the efforts of the Central American nations to develop their own principles for freedom and peace. And our policy emphasizes that the process which leads to these goals must be based on credible standards of compliance, strict timetables for enforcement, and effective on-going means of verification.

The accord also stipulates that Congress will extend humanitarian assistance at current levels to the Nicaragua Resistance through February 28, 1990, just after new internationally supervised elections are to be held in Nicaragua.

This new American policy -- our "new thinking," to borrow a phrase -- has already gained the support of the Central American democracies, Canada, Venezuela and other democracies in this Hemisphere and in Europe. In the weeks ahead we will be building on this support.

Through this agreement, we are sending an important message to the world: Americans <u>can</u> unite on an issue of vital national interest. We are also sending another message: Our hemisphere is not a dumping ground for Soviet arms or a failed Soviet ideology.

Frankly, we have been looking for signs of "new thinking" from Moscow on this issue. But at this point, the Soviet Union continues to reject President Arias' appeal to give the slogans of new thinking some content. Soviet aid to Cuba and Nicaragua continues to support subversion against El Salvador. The Soviet Union's military aid to Nicaragua alone is more than $500 million a year -- five times what the U.S. provides to El Salvador -- and far in excess of any legitimate Soviet security concerns.

Third, we have initiated a creative and active diplomacy to improve cooperation with our allies and friends. We are at once an Atlantic and a Pacific power, and there should not be any thought to expanding one relationship at the expense of the other.

Our friends and allies in both regions are experiencing great changes. Western Europe today is a far cry from the exhausted continent which emerged from World War II. I believe that we are beginning to develop a new appreciation on our side and theirs of how we can adapt to these changes and to a different world.

On my early trips to Canada, Europe and the Pacific, I found a consensus among our allies (at least in general terms) on how we should deal with a changing Soviet Union. I found a recognition that we will need a common approach to the new opportunities created by the INF Treaty and CFE talks. We are working with our allies to refine a "comprehensive concept" on security and arms control. We must also develop an equitable basis for sharing risks and responsibilities.

We also talked on my trip about how we, the U.S. and its West European friends, can work better to respond to the enormous economic changes which are taking place in the Atlantic region. In only three years, the Common Market will achieve the objective of the 1957 Treaty of Rome which established it -- a single market.

I emphasized that the new Europe -- this rising economic superpower -- must be outward and not inward looking. I noted also that as an ally and a major trading partner, the United States will take a keen interest in this transformation.

Turning to the Pacific Rim, we find a striking success already in the making. No other area has created such advanced economies in such a short time.

Our relations with the Pacific -- as with Europe and our own continent -- must emphasize outward-looking economic policies that promote trade and growth. I do not underestimate the challenge in Asia, or in other regions, of achieving free and fair trade. After nearly a decade when the American economy has driven international growth, we all face a changing world. The rule that success brings responsibility will find a fuller expression as the Pacific nations assume more important economic and political roles.

We have vital political and strategic interests in the Pacific as well. These interests are well served by military capabilities based in Japan, the Philippines and Korea -- and by our close cooperation with these nations. We must enhance that cooperation while shouldering common defense and development responsibilities.

During the President's trip to the Far East, he emphasized these points with the leadership of Japan, the People's Republic of China and the Republic of Korea.

Our relationship with the People's Republic of China, important in its own right, also contributes strongly to the overall stability of the international political order. President Bush's extensive, personal experience in China will facilitate the expansion of our important and multifaceted ties.

Fifth, we have begun to act in concert to deal with new transnational issues. Technological advances have brought enormous benefits. But at the same time, modern technology has created new complications. The drug traffickers have benefitted from transportation and communications lines that often rival those of government.

The old scourge of terrorism has taken on a new significance because of instantaneous communications and the development of powerful plastic explosives. Missile technology has magnified the destructive power and geographical reach of those determined to achieve their purposes by whatever means necessary. Perhaps most frightening is the combination of the ballistic missiles and chemical weapons. Although "justly condemned by the general opinion of the civilized world," to quote the Geneva Protocol of 1925, chemical weapons have been used.

We must take special measures to prevent the use and accumulation of such weapons.

We are determined to build on the recently concluded Paris Conference and to make progress soon. In Vienna, I announced that Australia agreed with us that it would take the initiative in organizing a joint government-industry conference to discuss the growing problem of the movement of chemical weapons precursors and technology in international commerce.

It is increasingly evident that we face serious challenges to the health of our environment, and President Bush has called for an international conference on global environmental issues. I believe the United States must lead this effort. We should foster a change of attitude, a recognition that both economic development and a secure environment are necessary. They go together. As Treasury Secretary, I pressed the multilateral development banks to foster conservationally sound, sustained development, and to initiate special programs to promote conservation in developing countries. As Secretary of State, I hope to build on this record.

No one has yet perfected the approaches to joint action we need to deal with this special range of global problems. But the stakes are too high for us to ignore them. We will begin with our allies, include our friends, and challenge our adversaries to make common cause in treating these issues. Indeed, we have already obtained Soviet agreement to add transnational issues as a fifth part of the U.S.-Soviet agenda.

Sixth, I want to turn now to those regional conflicts that have denied peace and freedom to the peoples of Africa, South and Southeast Asia, and the Middle East. Despite recent complications, we have made encouraging progress in the recent

agreement, mediated by the United States, that provides for Namibian independence and a withdrawal of Cuban and South African troops from Angola. And we will be watching carefully to be sure that Cuba and South Africa carry out their obligations. But more is needed. Angola desperately requires national reconciliation. Until that occurs we shall continue to support UNITA and its leader Jonas Savimbi.

To this end we should be prepared to pay our fair share of UN peacekeeping efforts. The Bush Administration, following the initiative of our predecessor, has proposed a one-time transfer of DOD and foreign aid funds to meet our peacekeeping requirements in the current year as part of the FY '89 supplemental appropriation request.

We must also think long and hard about how we can help best to end apartheid in South Africa. And, we must never forget the very real human and developmental needs of people throughout Sub-Saharan Africa.

In South Asia, we welcome the withdrawal of Soviet troops from Afghanistan and look forward to that country's achievement of an independent and non-aligned government fully acceptable to the Afghan people.

The international community looks forward to the withdrawal of Vietnamese forces from Cambodia. There, too, a difficult national reconciliation must be undertaken. The United States will continue to work for an independent Cambodia, free of both Vietnamese and Khmer Rouge occupation.

In the Middle East, we are in the midst of an active period of diplomacy, including meetings with key leaders to try to advance prospects for negotiations. In discussions last week with President Mubarak and Prime Minister Shamir, we all agreed the status quo was not acceptable, and that progress toward a comprehensive settlement was desired. Both leaders agreed that the gaps between the positions of the parties were too wide, and the atmosphere too unsettled, to consider a major push now directly to negotiations. Rather, what is needed is a step by step process to improve the atmosphere, reduce tensions, bring about Israeli-Palestinian dialogue, and set the stage for direct negotiations.

Our own views regarding the purpose and principles underlying these negotiations have not changed. The objective is a comprehensive settlement achieved through negotiations based on UN Security Council Resolutions 242 and 338. The negotiations will produce agreements that fulfill the principles of territory for peace, Israeli security and Palestinian political rights. We do not support an independent Palestinian state, nor Israeli permanent control or annexation of the West Bank and Gaza.

Indeed, it is only through negotiations that Israelis and Palestinians can aspire to bring about the end of the occupation in a way that ensures Israeli and Palestinian security and political interests.

We listened carefully to the views and proposals brought by Prime Minister Shamir concerning elections, and believe they constitute a good first step. Elections are an important

political act that can launch a process leading to negotiations on both transitional and final status issues. The Prime Minister emphasized this in his discussions with us, and in his public statements. Of course, details need to be worked out, and all sides must bear in mind the need to see elections within their broader political process. In the period ahead, we will be working with Israelis and Arabs to flesh out these ideas, and to try to advance the prospects for successful negotiations.

A Middle East policy focused exclusively on the Arab-Israeli conflict, however, would be too limited. Libya continues to be a destabilizing factor in North Africa and elsewhere in the region. The situation in Lebanon remains a rebuke to everyone's hopes for a restoration of stability and independence for that tragic country. And a lasting peace remains to be established between Iran and Iraq.

We will continue working with other nations on these issues. We will also work with the United Nations on some of these regional conflicts.

The U.N. should be seen for what it is, an expression of the world's desire for peace, and also too often the scene of those passions that prevent peace. Experience indicates that when nations agree on procedures and substance, the U.N. offers a valuable forum for making progress.

Seventh, finally, we have begun to lay the groundwork for an even more cooperative relationship with the Soviet Union.

Thanks to our policy of pursuing peace through strength, our dealings with the Soviet Union are less tense. We have made progress in arms control -- especially the INF Treaty -- human rights, bilateral ties, including a dramatic expansion in academic and cultural exchanges, and regional conflicts.

No one can doubt that change is underway. Soviet troops have left Afghanistan. Some political prisoners have been released. Emigration has increased dramatically. The Soviet Union has begun to expose its people to the heady notions of popular ballots and competitive elections.

The East Bloc is also changing. Far-reaching internal reforms have been initiated in Poland and Hungary -- reforms begun even prior to General Secretary Gorbachev's efforts in the Soviet Union and driven by popular and economic imperatives. Throughout Eastern Europe, we see citizens pressing harder for personal freedoms and democracy in national life.

The unprecedented roundtable agreements reached in Poland recently are indicative of such changes in the communist world. Seven years ago candles were lit in support of Poland's repressed free trade union, Solidarity. Now, hope has been rekindled. Poland has taken an important step away from totalitarianism, although democracy is far from achieved.

There are good reasons for both optimism and pessimism about the Soviet Union and Eastern Europe. But realism requires us to be prudent.

The jury, is still out on whether the process of reform will succeed. The Berlin Wall still stands as does the Brezhnev Doctrine. The Soviet Union remains a heavily armed superpower. While Soviet rhetoric is different, the force structure and policies that support far-reaching interests and clients have not yet changed commensurately. Perhaps they will, but that hasn't yet happened.

In light of both the change and continuity in the Soviet Union, realistic policy for America and its allies should be guided by the following principles:

We should continue to welcome and encourage reform in the Soviet Union and Eastern Europe that promises more freedom. We have no interest in the failure of perestroika.

But the impetus and the foundation for meaningful reform must exist first within a country before encouragement from abroad can be effective. Perestroika depends not on help from outside, but on changes in the Soviet Union itself. That's a lesson Gorbachev learned from Brezhnev's failures. We should learn it as well.

Next, while recognizing that Moscow's policies are informed by a new sense of realism, we should also understand that our policies have contributed to that sense of realism. Our support for the Mujaheddin helped bring about the Soviet withdrawal from Afghanistan. NATO's willingness to deploy the Pershing and cruise missiles helped bring about the INF Treaty.

We must continue to probe -- even challenge -- Moscow on every aspect of our expanding agenda -- arms control, human

rights, regional conflicts, bilateral relations and transnational or global issues. We are interested in cooperating and negotiating to make progress wherever it can be made. We are also interested in seeing slogans of the "new thinking" filled in with content.

Moreover, we need to focus on regional problems, whether in Central America, South Asia, the Horn of Africa, Southern Africa, the Persian Gulf or the Arab-Israeli conflict. Soviet responsiveness in these areas may be one of the best indications of real change in Soviet behavior.

Indeed, Moscow's responsiveness to our concerns about subversion in our hemisphere will be a key indication of Soviet intentions.

I can say that we very much wish Mr. Gorbachev well in his attempt to reform the Soviet Union. As I said before, we have no interest in the failure of perestroika. We like the concept of "new thinking" in foreign and defense policy. And we look forward to the resumption of negotiations to complete a new treaty that reduces strategic arms.

Simply stated, our overall purpose is to deepen and to broaden our cooperative relationship, especially on regional issues.

Yet it is too soon to conclude that the Soviet policies most troubling to the West are gone forever. The progress made so far on arms control has not changed the fact that the Soviet Union remains a heavily-armed superpower with a global military

reach. Lately, there have been signs of a more constructive Soviet approach, one which recognizes the need to eliminate the capabilities for surprise attack. But this opportunity needs to be probed and needs to be developed. Real as the possibilities may be, we are not there yet.

Indeed, there remain too many areas where the slogans of new thinking lack content. Let me cite a few examples:

-- Moscow has declared that every member-state of the Socialist family has the right to pursue its own way but has refused to renounce the Brezhnev Doctrine that still overshadows the countries dominated by the USSR.

-- The Soviet Union seeks reduced military force levels on the dividing line in Europe but still refuses to remove the Berlin Wall and other realities of the division of Europe imposed by Soviet force.

-- General Secretary Gorbachev has declared that the "most immediate task now is to settle so-called regional conflicts." But, as I have noted earlier, Moscow refuses to put meat on the bones of the "new thinking" where Central America is concerned.

-- General Secretary Gorbachev last week described the Middle East as a veritable tinderbox. But what are we to make of the Soviet sale of sophisticated high performance bombers to Libya, a state which supports terrorism in Europe and elsewhere? And how does this

sale assist the worldwide effort, supposedly supported by Moscow, to control chemical weapons that Libya is developing at its Rabta plant?

I explored some of these points during my first meeting with Foreign Minister Shevardnadze in Vienna. And I intend to raise all of them when I meet the Foreign Minister again in May.

To conclude this review, I am more convinced than ever that Western strength and Soviet domestic weakness have set the stage for the remarkable realism that has distinguished Mr. Gorbachev's tenure so far. As I discussed with our allies, we need to challenge the Soviets with new, well-considered initiatives in all aspects of our expanding agenda. Our task is to arrange affairs so that whatever the outcome of perestroika, a more responsible, constructive Soviet foreign policy will remain in Moscow's interest. Much of the world's hope for a more peaceful international order rests on the outcome.

Overview of our Funding Request

Clearly, we face a formidable agenda as we attempt to deal with the contraries of our age. Yet we start with a strong America. And we can be stronger still if we, in the Executive Branch, and you, in Congress, work together to overcome the challenges before the nation.

For budget function 150 -- international affairs -- we had asked for $19.3 billion in discretionary spending authority, with an additional level for the Export-Import Bank to be determined in negotiations with the Congress.

The President and the Joint Leadership of the Congress have now agreed to set Function 150 discretionary spending at $19.0 billion.

The Budget Summit Agreement represents a willingness, both on the part of Congress and of the Executive Branch to work cooperatively to address the serious issues now confronting our country. I am pleased that the budget negotiators recognized the special importance of adequate funding for our international affairs programs when they set levels of spending for FY 1990.

All elements of our original request for Function 150 cannot be met under the agreed ceiling. Nevertheless, if Congress authorizes and appropriates the full amount agreed in the Summit negotiations, with a minimum number of restrictive earmarks, I am confident that we will be able to meet our most pressing needs.

Let me now try to put this discussion in broader perspective by relating the resources we seek to the agenda I have outlined and to achievement of basic national interests and objectives.

National Security

Many of our friends in the developing world lack the resources to ensure their national security and to provide for the basic economic and social needs of their people. Because they must do both to survive and grow as free societies, we give them economic support and help finance the

modernization of their armed forces. At the same time, we encourage developing countries not to overinvest on the military side.

I would like to note, in particular, the importance we attach to the small, but vital, International Military Education and Training (IMET) program. IMET is not just an aid program, but also a channel of communication and influence with literally thousands of foreign military leaders, and a highly cost-effective force multiplier for key friends and allies.

For FY 1990, our total discretionary budget authority for security assistance funding (MAP, FMS, ESF, IMET, antiterrorism assistance and peacekeeping operations) is $8.5 billion. That compares with $8.1 billion appropriated by the Congress for FY 1988 and again for FY 1989.

Despite this increase, what we are seeking for security assistance is less than the level appropriated in FY 1987. The cuts from the levels provided in FY 1985 and 1986 are even deeper.

For the first time, we are not seeking an allocation of MAP funds for specific country programs. Instead, we are combining the MAP and FMS programs and requesting that the total -- approximately $5 billion -- be provided in the form of FMS grants.

Use of FMS in lieu of MAP will enable countries capable of doing so to apply defense assistance to commercial purchases. The all-grant program initiative is part of our effort to

strengthen new, fragile democracies and ease the financial burden of countries whose economic health is vital to our own.

Israel and Egypt will receive the largest share of our security assistance in FY 1990, $5.1 billion (plus $160 million in PL480 food aid for Egypt, bringing the total for those two countries to $5.3 billion). This underscores the importance of the Middle East to the United States, and the central role which Israel and Egypt must play in bringing peace to that troubled region. Solid economic growth in these countries is essential to our effort. Thus, we are committed, for example, to working with Egypt to effect needed economic reforms.

In the West Bank and Gaza, our assistance is evidence of our determination to help the people of the occupied territories achieve a better quality of life. Of the $17.5 million in ESF we seek for Middle East regional programs, $12 million will be used for development programs in these areas. In addition, in 1990 the U.N. Relief and Works Agency is expected to provide $100 million in assistance to Palestinian refugees in the territories, one-quarter of which is attributable to the U.S. contribution to that organization.

In addition to the funds for Israel, Egypt and the occupied territories, we are also requesting $206 million in security assistance for Tunisia, Jordan, Oman and Morocco, thereby furthering prospects for stability and growth in the region as a whole.

Our assistance to Pakistan ($575 million in FY 89) promotes the security and economic development of this newly democratic

nation. Pakistan remains vital to achieving our goal of an independent, stable, non-aligned Afghanistan.

Security assistance is also used to strengthen the defense capabilities of friends and allies which provide us with access to military facilities in the interests of their own security and ours. In recent years, budgetary stringency and extensive earmarking have hampered our ability to provide necessary support to these countries. For Portugal, our assistance is well below the "best efforts" commitment we undertook when we signed the current base agreement. Assistance to Turkey is already hundreds of millions of dollars below the level necessary if that country is to meet its NATO commitments. And assistance to Greece has fallen one-third below the level provided following the signing of our 1983 base agreement.

We must also have sufficient funds to support U.S. strategic interests as we approach renegotiation of access agreements in East Africa in 1990.

For FY 1990, we are requesting $1.1 billion in security assistance funding for these three countries, an increase of 7 percent over the level appropriated in FY 1989. This is not adequate to make up for past shortfalls. But it will help.

The Philippines also provides us with access to military facilities important for our political and strategic interests in the Pacific. Our assistance program for that country is directed toward helping a struggling ally revitalize and strengthen its democratic institutions, beat back a Communist

insurgency and promote economic growth. Last year, we successfully completed a review of our bases agreement with the Philippine Government. This sets the stage for an extension or renegotiation of the agreement, the fixed term of which ends in 1991. As an outgrowth of the review, we are requesting a substantial increase in both economic and military security assistance.

Separately, we are also requesting $200 million as a U.S. contribution to a proposed Multilateral Assistance Initiative (MAI). MAI is both a bold new program to provide vital support to democracy in the Philippines and a unique experiment in donor cooperation. It is designed to help the Philippine Government reorient its economy to sustainable growth led by the private sector -- the key to assuring a democratic future for an important friend and ally.

This program, which is based on a Congressional initiative, has strong bipartisan support. Both Speaker Wright and Senate Minority Leader Dole appeared before the House Foreign Affairs Committee's Subcommittee on Asia March 7 to endorse our FY 1990 request. The $200 million that we seek is an investment in democracy and market-oriented economic growth.

Also in East Asia, we seek to maintain the self-defense capabilities of Thailand, a very cooperative treaty partner which faces the consequences along its border of the Vietnamese occupation of Cambodia, and to support Indonesia's laudable market-oriented restructuring program.

And for Central America, we are requesting approximately $900 million for FY 1990 from various foreign aid accounts to

promote economic growth, security and democratization, clear goals which Republicans and Democrats alike can support.

Promoting Prosperity and Development

With the evolution of the world's trade and financial systems into a single, integrated global marketplace, American growth and prosperity are, more than ever, influenced by economic conditions abroad. When we assist other countries to develop their own economies, we also develop markets in the global economy for U.S. goods and services.

The current economic stagnation in a large number of developing countries, especially those with heavy debt burdens, illustrates the point vividly and painfully. For example, between 1981 and 1987 economic growth in 17 heavily indebted middle-income developing countries averaged only 1 percent a year. In the same period, our exports to those nations dropped by over $9 billion, or 24 percent. Economic stagnation in these countries as well as those in sub-Saharan Africa and the Middle East led to a $13 billion decline in U.S. exports to developing countries as a group. Since these countries absorbed respectively 41 and 33 percent of total U.S. exports in 1981 and 1987, it is easy to see both how their economic difficulties contributed to our trade deficit, and how a resumption of growth in the Third World could help us solve a problem which is of serious concern to us all.

Of course, foreign assistance is far from the whole answer to the riddle of how to restart the growth process. We also need to continue our efforts to liberalize trade worldwide and

to further examine the role which debt policy can play. Most importantly, we need to continue encouraging the developing countries to adopt market-oriented policy reforms. For only when their markets provide the proper signals will they be able to attract the savings of their own citizens and overseas investors necessary for growth.

For FY 1990, we are requesting $6.1 billion in discretionary appropriations for economic assistance programs, or $9.4 billion when our $3.35 billion request for the Economic Support Fund (ESF), is included. ESF is a program that supports economic stability and development as well as serving our security objectives. Our ESF request represents an increase of only $73 million, or 2 percent, over the level appropriated in FY 1989. That is not enough to keep up with inflation. This budget has been carefully scrubbed. We can't do with any less.

In addition to ESF, economic assistance takes many forms:

- Development Assistance ($2.4 billion, including $565 million for the Development Fund for Africa) mainly to fund projects administered by the Agency for International Development (AID) in such areas as agriculture, education and human resources development, health, nutrition and private sector development.

- Funding for the Multilateral Development Banks ($1.6 billion). Of this amount, $965 million will be used for the International Development Association (IDA),

the "soft" loan window of the World Bank which finances development activities in the poorest developing countries.

An additional $557 million is for the regional development banks which service Latin America, Africa and Asia -- including their "soft" loan affiliates. And the remainder, $115 million, is for the International Finance Corporation. Our request funds both current U.S. commitments to these institutions of $1.3 billion and clearance of $314 million in arrears.

- Funding for Peace Corps programs ($164 million).

- Voluntary contributions to such international organizations as the U.N. Development Program ($108 million), UNICEF ($34 million), and the new Afghanistan Emergency Trust Fund ($16 million).

Promoting Democratic and Humanitarian Values

American security does not depend exclusively on our military and economic might and our resolve to use them effectively, as important as these factors may be. We rely also on the presence of a community of nations whose behavior toward each other is marked by civility, and whose institutions and values are compatible with our own. The process of strengthening such institutions and values is a slow and difficult one. Fragile new democracies face daunting challenges. They need, and deserve, from us more than mere words of encouragement.

In Central America and the Caribbean, democratic institutions are taking root in countries where just a few years ago many despaired of that ever happening. These new democracies desperately need our help. President Reagan's Caribbean Basin Initiative and the National Bipartisan Commission on Central America provide comprehensive strategies for advancing the important process of democratic institution building. The implementation of these strategies has met with strong bipartisan support and has involved a constructive joint effort by Congress and the Reagan Administration. This Administration believes it essential to continue this effort. For FY 1990, we are requesting $735 million in economic assistance for Central America and $206 million for the Caribbean.

The United States is never more true to its most cherished values than when we defend human rights and provide humanitarian assistance abroad. In our turbulent and often cruel world, the defense of human rights means more than just speaking up, although that too is important. We must also provide funds to help refugees fleeing oppression and populations devastated by want and disaster.

Over the past few years, the assistance we have provided has meant the difference between life and death for literally millions of Africans who faced the worst drought and famine the continent has experienced in this century.

During the crisis, the United States provided 2.2 million metric tons of food aid at a cost of over $1 billion; another $150 million was spent to provide medicines, shelter, wells,

and the other immediate needs for those worst affected. This was all in addition to the regular economic assistance we provided.

Last year, U.S. aid to victims of drought and civil strife was focused on Ethiopia, the Sudan and Mozambique, providing urgent relief to millions. In all, we provided emergency assistance in some 60 disasters last year. We helped Bangladesh respond to the needs of over 25 million people affected by the worst flooding ever recorded in that country; we contributed to major earthquake relief efforts in Nepal and, most recently, in the Soviet Union; and we helped to combat locust infestations in 17 African countries.

Our assistance is sometimes channeled to multinational agencies. Most notably, our support for the World Health Organization has helped rid the world of some of the most deadly and contagious diseases.

I will turn now to our efforts on behalf of refugees. We can be proud of America's record of assistance to the world refugee population. The United States leads the world both in providing financial assistance to refugees overseas and in resettling refugees in our own country.

For FY 1990, we are requesting $370 million for Migration and Refugee Assistance and $10 million for the Refugee Emergency Fund. In administering our refugee admissions program, we have recently encountered pressures never anticipated by the drafters of the Refugee Reform Act a decade ago. In particular, over the past year we have been attempting

to deal with the totally unanticipated exodus of tens of thousands of people from the Soviet Union, Eastern Europe, Cuba, Nicaragua and Southeast Asia.

The White House has announced an $100 million FY 1989 supplemental request for Migration and Refugee Assistance designed to help us with the tremendous number of refugees, primarily Soviets, who have emigrated during the last several months.

The request will help us deal with the immediate problem. The FY 1989 supplemental provides an additional $85 million for admissions and $15 million more for assistance. In all it provides funds for 28,500 new refugees, including an additional 24,500 for refugees from the Soviet Union. The new total for refugee admissions from the Soviet Union is 43,500.

The Administration also has transmitted to Congress a legislative proposal to create a new immigrant category comprised of persons ineligible for refugee or regular immigrant classification, but those whose admission the President deems to be in the public interest.

The primary beneficiaries of this legislation are likely to be Soviets who are neither refugees nor beneficiaries of current visa petitions. We would be able to maintain an open door for these individuals and confer a regular immigration status which would grant them permanent resident status.

For the longer term, we are now conducting a policy review. Depending on the outcome, we may need to adjust our FY 1990 request. As our policy review progresses, we will consult

with Congress to achieve a new consensus, one which balances important policy and humanitarian objectives with the resource constraints that we all know so well.

Combatting International Narcotics Trafficking and Terrorism

International narcotics trafficking and terrorism are the twin scourges of our modern age. They pose a particular threat to open, democratic societies. This Administration, like its predecessor, Congress and, above all, the American people agree that we must combat them with all responsible means at our disposal.

As we have seen in Colombia and in Panama, international narcotics trafficking poses a threat not only to the health and welfare of our citizens, but to the security of free people throughout the world. And the threat continues to grow.

For FY 1990, we are requesting $115 million for international narcotics control, a 14 percent increase over the amount appropriated for FY 1989. This includes $75 million in direct assistance to Colombia, Bolivia, Peru, Ecuador, Mexico, Venezuela and other countries in Latin America and Asia. It also includes $28 million to support aerial and manual eradication of coca plants, seize and destroy illicit narcotics, immobilize drug traffickers, provide logistic support to field organizations and conduct surveys to identify production and verify program results.

These programs constitute only a part of our total effort to control international trafficking in narcotics. Economic

and military assistance is also important in this effort as well as our participation in UN narcotics control activities. For FY 1990, we are requesting almost $200 million to assist the four Andean democracies -- Colombia, Ecuador, Bolivia and Peru -- whose social fabric and democratic institutions are threatened by the growing power of narcotics traffickers. Assistance to these and other countries supports public awareness programs, projects which develop viable economic alternatives for farmers who depend on cultivation of narcotics crops for their livelihoods, and increases in the capability of military forces to contribute to eradication and interdiction efforts. We intend to work closely with the new "drug czar", Bill Bennett, in this area.

International terrorism, like international narcotics trafficking, offends the most cherished values of democratic societies. To combat it, we must be vigilant; we must be prepared to commit the needed resources; and we must continue our vigorous diplomatic, intelligence, and law enforcement efforts.

Through long and often bitter experience, we are developing more effective policies and programs to deal with this scourge. We are exchanging intelligence and strengthening cooperation with other countries in law enforcement. We have gone on the offensive to bring terrorists to justice, to disrupt their operations, and to destroy their networks. We continue to bring pressure to bear on states which support terrorism and to encourage our allies to do likewise.

Through U.S. leadership in the International Maritime Organization and the International Civil Aviation Organization,

we have achieved international agreement on means to combat terrorism on the seas and in the skies. We are also working to persuade countries reluctant to cooperate in combatting international terrorism to rethink their positions.

We have strengthened security measures to protect our citizens at home and abroad. And we are providing training and training-related equipment to countries with the will but not the means to cooperate in the fight against terrorism.

U.S. programs to enhance the counterterrorism skills of other nations include training and provision of equipment and logistical support. For FY 1990, we are requesting $10 million to continue the Department of State's Antiterrorism Assistance Program. With the requested funds we will be able to train about 1,500 security officers from around the world in a variety of antiterrorism skills.

Our Essential Foreign Policy Instruments

The funds Congress provides for the Department of State, the U.S. Information Agency (USIA), the Board for International Broadcasting and for our assessed contributions to international organizations are essential for the effective execution of our global policies.

As you are aware, the House last week passed H.R. 1487 authorizing our appropriations for these purposes for FY 1990-91 by a recorded vote of 338 to 87, the largest margin ever in recent history. I was pleased to support this bill and look forward to working with you to improve certain areas of policy and funding.

The personnel and programs of the State Department are America's primary foreign policy instruments. We must ensure their effectiveness. If we are successfully to promote America's interests in the world, we must maintain a strong, professional, well-trained and well-protected diplomatic service.

And our people must be properly equipped to function in a world in which informed, timely decisionmaking requires the rapid accummulation, analysis, synthesis and dissemination of an enormous amount of information.

When I took the oath of office in January, I made a special point of saying that we need both diversity and openness in our domestic and international affairs. America's greatness rests on the twin foundations of opportunity for all and a fair hearing for all views. These are at once the characteristics of a great nation and of an effective foreign policy. I strongly believe that the professionals who make our foreign policy work must also reflect the talents and the abilities of all segments of our society. I stand ready to work with Congress to ensure that this is the case.

I appreciate the efforts this Committee makes to understand the needs of the Department of State, its personnel, its machinery and its institutional concerns.

For FY 1990 we are requesting $2.4 billion to cover the Department's expenses. This proposal meets ongoing requirements for the conduct of diplomatic and consular relations. In addition, it reflects our need to move forward with long delayed but critical programs in such areas as

telecommunications technology, information management and diplomatic security, and with several overseas construction and rehabilitation projects.

Active U.S. participation in the United Nations and other international organizations is an important part of our worldwide effort to promote peace, well-being and freedom. In recent years, we have sought to use our influence -- much of it financial -- to make the United Nations more efficient and effective. Although more needs to be done, progress is striking.

The U.N.'s specialized and technical agencies provide direct benefits to the United States. The World Health Organization's campaign against AIDS, the International Atomic Energy Agency's work on nuclear safeguards and safety, and the International Labor Organization's promotion of human rights and better working conditions are cases in point.

In recognition of the reforms undertaken by United Nations agencies, the UN's enhanced responsibilities and our international legal obligations and commitment to restoring the financial stability of the UN and other international organizations, we are requesting for FY 1990 $669 million to fully fund our assessed contributions to 46 international organizations. We are also seeking $46 to initiate a multi-year plan to clear U.S. arrearages to those organizations.

In the last year, there has been a dramatic increase in the need for funds to support peacekeeping activities. We cannot

afford to walk away from the process of promoting world peace by failing to contribute our assessed share of these peacekeeping efforts.

We are requesting $111 million for UN peacekeeping activities on the Golan Heights and in Lebanon, and for several new peacekeeping units: The United Nations Iran/Iraq Military Observer Group to oversee the ceasefire and other provisions of Security Council Resolution 598; the United Nations Transition Assistance Group, which will monitor and assist in the transition to independence of Namibia; and the United Nations Angola Verification Mission, which will observe the withdrawal of Cuban troops from Angola.

The work of Radio Free Europe/Radio Liberty and the United States Information Agency are essential and effective instruments for promoting democratic values and ideas around the globe. For FY 1990 we are seeking $860 million for USIA's operating and special program accounts. Additionally, we are requesting a capital budget of $89 million for radio construction to continue the Voice of America's modernization program.

For the Board for International Broadcasting (BIB), we are requesting $425 million, including $207 million for the Israeli transmitter project.

Conclusion: The Need For Change

Let me conclude by returning to one of my earlier themes -- the need for change. It is clear to me that we need new legislation giving the Executive Branch more latitude to effectively manage its limited resources.

I agree with the House Foreign Affairs task force's conclusion, and I quote, "The current 500 pages of foreign assistance legislation, developed over the past 28 years, are strewn with obsolete, ambiguous and contradictory policies, restrictions and conditions."

One example will suffice of how the current system reduces our flexibility. In FY 1989, Congress cut our combined MAP, ESF and FMS request by $210 million, or 4 percent. But because most of the funds in these accounts were earmarked for specific country programs at or above the levels we requested, we had to cut assistance to such countries as Jordan, Indonesia, Thailand, Botswana, Zaire, Belize and the Dominican Republic by between 44 and 96 percent. Additionally, legislation forced us to cut assistance to Turkey, an important NATO ally, by a whopping $60 million.

If we are given the needed flexibility, the levels in our FY 1990 budget request would enable us to fund on a modest scale these and other programs we have had to curtail sharply in recent years. In my view, this is essential. No foreign policy, however intelligent, can be meaningful without the resources to do the job. That is what we are asking for here today.

To sum up, the Executive and Congress need to work together if we are to promote America's most fundamental interests and objectives in today's challenging world.

Given budget constraints the U.S. Government must learn to do more with less. We in the State Department take this lesson seriously. And we can do more with less if the trend toward added reporting requirements, earmarks and restrictions is reversed.

As a nation, however, we cannot afford to diminish our effectiveness abroad. America must remain a strong force around the globe for peace, humanity, democracy and prosperity. That is the real bottom line we are talking about in this hearing today.

The CHAIRMAN. Thank you very much, Mr. Secretary.

I think we will operate under the ten minute rule. We should be able to get through by 12 p.m.

As a percentage of GNP, I believe that we now contribute 0.3 percent, whereas we used to contribute 3.0 percent of our gross national product for aid. And I believe it has also been said that, amongst the so-called advanced nations, the wealthier nations, we contribute a smaller portion of our gross national product than any other. We have now been surpassed by Japan, incidentally.

Is that a correct statement, to the best of your knowledge?

Secretary BAKER. I'm not sure about the exact percentages, Mr. Chairman, but it is true that of the major nations, we are lagging if you look at aid as a percentage of GNP.

I do think it is fair to point out, as we do at every economic summit which we attend, and I have attended eight of them over the past 8 years, that you cannot look only at foreign aid as it relates to GNP. The United States contributes in many, many additional ways, to the betterment of developing nations around the world, not the least of which, of course, is we are the largest market in the world and we take many of the products of these countries in trade to a greater extent than other countries do.

The CHAIRMAN. And also, we should take into account the fact that we contribute about twice the portion of GNP that our NATO allies do when it comes to defense expenditures.

Secretary BAKER. We have a significantly greater contribution in terms of defense expenditures. That's correct, sir.

The CHAIRMAN. I just wanted to lay the scene here.

I think AID's environmental activities are funded from two functions at the present time—the private sector energy and environment, and the agriculture, rural development, and nutrition accounts.

Given the enormous global environmental and natural resource problems, would you favor the creation of a new functional account to deal exclusively with environmental sustainability—in other words, a separate, third, account, just for environment?

Secretary BAKER. Mr. Chairman, I have not given that any thought, but just responding quickly here, I am not sure that that is necessary, although it would be something we certainly would be willing to look at.

As you know, and as I made clear, I think, in my confirmation hearings, we do think that the environment is becoming more and more important as an issue between nations and as an issue for diplomatic activity, if you will. We have added the environment to the list of those issues that we will discuss routinely with the Soviet Union when we get together with them.

We have added other transnational issues as well, such as terrorism and drugs.

The CHAIRMAN. This also is part of the change of shift from East-West to North-South, as we look down the road.

Secretary BAKER. I think that is correct, sir.

I am not sure that that necessarily calls for the establishment of a separate account. But it is something we can look at.

The CHAIRMAN. I am glad to hear that.

Secretary BAKER. It is an issue of greater and greater importance, I think, and the United States is becoming more and more involved in environmental issues around the world.

The CHAIRMAN. I am glad that you would look at that thought.

I touched in my opening statement on the question about the 45 percent above the appropriated levels for 1989, for the acquisition and maintenance of buildings abroad, what I characterize as the fortification of our Embassies at this time.

Are the new construction projects, the 45-percent raise, necessitated primarily by the stringent security requirements of the Diplomatic Security Act of 1986, the so-called fortification act, or have they been undertaken primarily for other reasons, such as routine upgrade of the purchase of new buildings?

Secretary BAKER. I think they have been undertaken primarily in response to the legislation, Mr. Chairman, although there is a component that is involved in day-to-day maintenance and keeping the facilities up to date and secure.

The CHAIRMAN. Speaking as a former diplomat and having traveled around a certain amount, and talking to present-day diplomats, there is a general feeling, as I am sure you have found, amongst our professional diplomats overseas that contact with the public is part of the hazard of the job, and, in general, there is a feeling that we have gone overboard on the fortification program.

Would you concur in that, or do you think that I am offbase?

Secretary BAKER. I think that there is a balance that has to be maintained, Mr. Chairman, between security on the one hand and an ability to get the job done and relate to the population of the country, of the particular post.

I think it is important that in setting standards, we not move too far in the direction of being so rigid that we do not give proper consideration to the different security problems that are extant in different countries.

I think that, as we move forward here, the program is being administered with that balance in mind.

I do think that the initial response might have been a bit more in the other direction, in the direction that you suggest. But it was taken, after all, if we remember, in response to a rather serious tragedy for the United States.

I just think that we are conscious of the balance that has to be maintained, and we will implement the program with that in mind.

The CHAIRMAN. Thank you.

On another subject, you have had a lot of experience in organizational work, and leadership in the Government. Given your experience, do you believe that the present organizational structure of the State Department is tailored to meet our present-day objectives? Or do you see yourself studying the organizational structure and retailoring it in some way?

Secretary BAKER. Well, contrary to popular perception, Mr. Chairman, we are not going to have any of what I would characterize as overly dramatic organizational changes to suggest.

I do think that there has been a tendency in recent years, through legislation and otherwise, toward a proliferation of bureaus and agencies. What I would like to try to do, and am commit-

ted to doing, is to rationalize, if I can, the paper flow that now takes place within the Department.

We have something on the order of 30 to 35 Presidentially appointed positions, all of which in one form or another, through the legislation or otherwise, report directly to the Secretary.

I think that is fine, except it is very difficult to manage, properly manage, I think, that kind of volume of paper flow.

It was my practice as Secretary of the Treasury to always be available to any Presidential appointee in the Treasury Department who needed to see me on a particular matter at any time, and I expect to continue to be available to any Presidential appointee in the State Department.

At the same time, I don't think we have made the proper use of some of the Under Secretaries in the State Department, and I would like to implement a system whereby at least the paper flow makes better use of the Under Secretary level of the State Department. We are working toward that end.

But, in terms of a major dramatic organizational change, we do not have anything on the drawing board.

The CHAIRMAN. I would agree with you that the paper flow is overwhelming. The fact that you are willing to receive the Assistant Secretaries or the Presidential appointees when they have a specific matter to discuss I think will be a source of comfort and improved morale in the Department because I think there is some concern that people more on the "fighting front" will be too removed from you.

I thank you and appreciate that statement.

Secretary BAKER. May I add one thing.

There is another change I think that is important that we try to implement, and you can help us on this. It is that we have a situation or we have had a situation in the past where various bureaus and agencies of the Department would feel free to come up here on Capitol Hill and lobby their respective interests individually and separately. That is something else that I am committed to trying to put an end to, and any help that we can get from the Congress toward that end I think would make for a better foreign policy and would enhance the national interest.

The CHAIRMAN. I appreciate your interest and would imagine that the best one could do would be to move it from the committee room out to the corridor.

I appreciate the thought very much.

Senator Helms.

Senator HELMS. Thank you, Mr. Chairman.

Last month, Judge Webster, Director of the CIA, came up here and told us that Mr. Qadhafi now has the largest poison gas plant in the world.

He said at that time that if Qadhafi were to obtain the capability to delivery poison gas to Israel, it would, and I am quoting him, "change the strategic balance in the Middle East."

Now, you can ponder that along with the fact that late last month, Mr. Gorbachev approved the sale of between 10 and 15 Soviet SU-24 bombers to Libya.

My folks are putting up some charts, which I will call your attention to. These charts show that these bombers give Qadhafi the capability to drop this poison gas on Israel.

I guess there are two questions, Mr. Secretary.

First, do you agree with Judge Webster that giving Mr. Qadhafi the capability to drop poison gas on Israel does, in fact, change the strategic balance in the Middle East?

Secretary BAKER. I have no reason to disagree with that, Senator Helms. I have no reason to disagree with it.

Senator HELMS. The second question is this.

What does the sale by the Soviet Union of these bombers to Mr. Qadhafi say about Soviet intentions in the Middle East? Do you have any opinion about that?

Secretary BAKER. Well, it says that when they talk about wanting to be involved in the Middle East peace process, they are doing a good job of talking but not supporting that talk with their deeds. This is something, of course, that we have pointed out to them on a number of occasions.

We point to this bomber sale. We point to the fact that if they really wanted to be helpful in the Middle East, they would not be so supportive of radical regimes like Libya, generally.

We point to the fact that if they really wanted to be helpful in the Middle East, they might do something vis-a-vis Syria and its support for some of the dissident PLO groups that are resident there, that are rather radical in their approach. And we point to the fact that if they really want to be helpful in the Middle East, they could start by normalizing their relations with Israel.

Senator HELMS. Have you communicated those thoughts, or recommunicated them, to Mr. Gorbachev since the bomber sale was announced?

Secretary BAKER. No.

We have not had any face-to-face meetings with the Soviets since this was announced. But, as I have said publicly before, I plan to communicate this to my counterpart, Minister Shevardnadze, when I am in Moscow on May 10 and 11.

We have made public statements about it, Senator Helms, so we have communicated, I suppose, in that way.

Senator HELMS. But the President has not written or called?

Secretary BAKER. I am not aware of his having done so.

I think I may have mentioned it in a letter that I sent with respect to setting up the preparations for the May 10 and 11 ministerial. But I am not sure the President has communicated it.

We have made our displeasure with this event quite clear, Senator Helms.

Senator HELMS. Now let's move up to last Thursday in the Senate.

Were you glad the Senate voted its total disapproval, unanimous disapproval among those voting, of the signed letter with reference to the aid to the Contras bill? Are you glad that happened?

Secretary BAKER. Senator, I will be very candid with you and acknowledge here that I did not know anything about that vote. I was interested, I suppose, in a vote that may have preceded that vote, or succeeded that vote.

Senator HELMS. Well, you know about it now, don't you?

Secretary BAKER. I know about it now.

Senator HELMS. Well?

Secretary BAKER. I think in the interest of moving the bipartisan accord through to passage in both Houses, if you are asking me did I support the idea of a no amendments strategy——

Senator HELMS. No, I am not asking that at all.

I am asking you if you now concede that such a side letter is, as Judge Bork and many other constitutional scholars have said, unconstitutional?

Secretary BAKER. I could not disagree more strongly, Senator Helms.

I do not think it is unconstitutional. I do not think you even approach a constitutional question with respect to that letter.

Senator HELMS. Well, that may be one we will have to see about as we get down the line.

Are there any circumstances under which you are prepared to allow aid to continue to the freedom fighters in Nicaragua after November, speculating that there should be a possible objection of one Member of Congress or one committee or one subcommittee, which this letter will allow?

Secretary BAKER. Senator Helms, this letter is political in character. It does not have the force of law. It is not written into the legislation.

But, as far as I am concerned, it is a commitment that I have made that I intend to carry out, unless I am ordered for some reason to do otherwise—and I do not anticipate that I will be ordered to do otherwise.

It is a question of maintaining good faith, in my view, between the branches.

Senator HELMS. Did anybody show you Bork's letter?

Secretary BAKER. I have not seen Judge Bork's letter.

Senator HELMS. Would staff get a copy down to him, please, and let him take it with him.

I think you ought to read that.

Secretary BAKER. I might say one final thing. This is a letter that nobody has compelled me to write. It is not referred to even in the legislation. So, I really have difficulty understanding why people suggest there is a legislative veto question here.

If this were embodied in legislation, I would certainly agree that there would be a legislative veto question.

Senator HELMS. That is what the amendment which I offered and which I announced at the time I offered it that I was going to vote against it myself said. I wanted to test the Senate to see if it favored such a proposition.

Well, I asked you during your confirmation hearing, Mr. Secretary, about whether the administration would be willing to support a condition on the Mutual Legal Assistance Treaty, or MLAT, with Mexico, in which the President would certify or otherwise give assurance to the Senate that senior officials and other high-level law enforcement officials in Mexico are not connected in any way with narcotics activities or to Mexican drug kingpins.

Secretary BAKER. Senator, may I just interrupt for 1 minute, and say that I have scanned this letter. I do not see any statement in

here that this is unconstitutional, that my letter is unconstitutional.

Judge Bork thinks it was inappropriate. But I do not read his letter as saying that it was unconstitutional.

Senator HELMS. Well, it would be unconstitutional——

Secretary BAKER. If it were in the legislation.

Senator HELMS. [continuing] That's correct.

Secretary BAKER. Correct, and I have said that all along.

Senator HELMS. You are the lawyer and he is the lawyer.

Well, we will get to that later.

With reference to the Mexican situation, I gave you a letter and followup and I provided you with a list of 14 high-ranking Mexican officials who it had been reported reliably to us had been identified as having drug connections.

Now, I can identify those if you want me to, but you know whom we listed in the letter.

Now I know you have been extremely busy. We have talked about the response to this letter. But I still have not gotten it.

Secretary BAKER. Well, you are going to get it before this hearing is over, Senator, and you would have had it by now if there had not been a typo in it this morning.

I think I wrote you on April 5 and said I would be following up. I think I mentioned to you 2 days ago that I would have it by the hearing this morning, and I will have it before it is concluded.

Senator HELMS. Well, that's great.

I might mention just for the record that one of the people who I listed was the chief of the investigative service of the Mexico City Police, and he has since been fired. So, you cannot worry about him anymore.

On top of that, he has been indicted for participation in a car theft ring in the United States.

So, if we could just have some response about the others, that would be appreciated.

Now let me ask really quickly, have you seen this edition of the Army Times [indicating]?

Secretary BAKER. No, sir.

Senator HELMS. I think somebody with you ought to take a look at it.

The March 20 cover story in the Army Times details an unprecedented pattern of harassment against United States military personnel and their families in Panama perpetrated by Mr. Noriega's forces.

There have been more than 1,000 incidents of harassment against these United States citizens in Panama in the past year, and in light of the uncertainty surrounding the election schedule for May 7, do you think we should withdraw immediately all dependents of United States military and Government personnel living in Panama?

Secretary BAKER. No, sir.

I do not think we ought to withdraw them immediately.

Senator HELMS. With regard to the outcome of the election in Panama, would the United States recognize any government controlled by Mr. Noriega?

Secretary BAKER. I have said on a number of occasions, Senator Helms, that there can be no normalization or movement toward normalizing our relations with Panama as long as General Noriega remains in power.

Senator HELMS. Very well.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

Senator Biden.

Senator BIDEN. Mr. Secretary, welcome. It's nice to see you.

Senator HELMS. How are you, Senator?

Senator BIDEN. Very well.

I have two areas I would like to ask you to speak to, understanding full well that you may not be prepared this morning to answer them both, or either. If you are not, I would appreciate you being able to get back to us.

The first relates to the issue of Soviet Jewry.

As you well know, we have a little bit of a problem in that for years, beginning even prior to Jackson-Vanik, which is another issue, we have been trying in every way we could to pressure the Soviet Union to let Soviet Jews who wished to emigrate to be able to do so.

We have had a policy in the past that essentially allowed then a direct route here.

We have been saying let them go, and we'll take them, and now we are in a situation where a change in policy was begun in the final months of the Reagan administration, and no longer, as in the past, do INS officials automatically presume that Soviet Jews qualify as refugees.

I have two reservations about this change in policy. First, despite the remarkable changes under Gorbachev, I have not seen, and do not see now, any convincing evidence that, in fact, Soviet Jews within the Soviet Union are no longer persecuted.

More are being allowed to go, but, to me, that does not add up to convincing evidence that things at home are fine.

Second, the law, as I read it, and as it used to be read, seems on the side of declaring all Soviet Jews to be refugees. Let me just read from a Justice Department memo by the Office of Legal Counsel in 1981.

It says:

> While applications for refugee status should be considered on an individual basis, the law allows considerable discretion in means by which these determinations are made. Where it has been shown that a particular country persecutes all individuals of a particular political view, it would not seem necessary to require that fact to be proved individually in each and every case.

I still am of the view that that is the category that Soviet Jews continue to fall in.

So, my question is obvious. Is the administration looking at that policy, which was set down by your predecessor, and is it aware of the mounting problem that we have, that the world has, that Soviet Jewry has, with folks who are left in limbo once allowed out?

Could you speak to that at all?

Secretary BAKER. First of all, Senator, we are very much aware of the mounting problem, and we have been dealing with it to some

extent by allocating slots from South Asia and elsewhere to the Soviet Union.

We are very pleased, Senator, with the more liberal emigration policies that the Soviet Union is now following. Those more liberal emigration policies have not been codified into law, and we have no guarantee, as you quite properly pointed out, that they will necessarily continue.

So, when we start talking about changes in Jackson-Vanik and things like that, it might be appropriate for us to look at the question of codification of laws that permit more free emigration, and that sort of thing.

We have requested, as you know, a $100 million supplemental to deal with some of the problems of immigrants from the Soviet Union. We think that those funds will enable us to deal with the near-term problem. We are in the midst of an overall review of the whole policy with respect to refugees, which will have to address the really basic question that you have raised.

But we have to do that in conjunction with the Justice Department, because the Justice Department is charged by law with actually making this determination.

INS, which, of course, is an agency or bureau of the Justice Department will make these determinations.

In the meanwhile, it is my understanding that no Soviet Jews, or Jews who have emigrated from the Soviet Union, will be denied admission to the United States, that they are coming in on the basis of the Attorney General's parole authority.

I do think it is important, Senator, that there be a worldwide, uniform standard by which we adjudicate refugee claims.

I rather suspect that you would agree with that.

So, it is important that we come up with such a worldwide standard, and that refugee claims generally be adjudicated on a case-by-case basis with reference to that standard.

Senator BIDEN. Mr. Secretary, in my other capacity, I chair the committee that has jurisdiction over that subject matter, the Judiciary Committee. You are correct that the Justice Department, along with the committee, is looking at the much broader, dilemma the country faces.

We dealt with "illegal immigration" over the past 4 or 5 years and resolved that in 1986. Now we are dealing with the issue of "legal immigration." But I would respectfully suggest that when the Justice and State Departments, consider this notion of the worldwide standard, we should keep in context the position that we have taken for such a long time, and that is that Soviet Jews have been demonstrably the victims of persecution in the Soviet Union, and I see no evidence of that changing.

While the INS is helping in allowing Soviet Jews in under parole authority, it is a very different status than refugee status.

This is not completely analogous, but I would hope we would not make the mistake of concluding that, until we have a total standard that all can agree on, we are not going to deal with a group of people who have for thousands of years, from czars through commissars, been the clear victims of persecution in their country.

I would respectfully suggest we consider whether or not we should go back to the standard we had until it is proven otherwise.

But we will be discussing that at length, and I will be petitioning you myself and in my other hearings will be speaking to that.

Another issue that comes before the subcommittee, that I am fortunate enough to chair, is the issue of Cyprus. Understandably there has not been a lot of focus on it because so many other things that have been happening in the world, particularly in Europe as a result of Gorbachev's initiatives.

We are reaching a point now where I am growing concerned that there appears to be an attitude, not on the part of the administration, but the world as a whole, that we are going to institutionalize the Cyprus situation as it is; that things are going to just stay the way they are; and that we have to recognize the inevitable.

Yet I would be very interested to know what the administration has in mind or what it is presently doing to promote the unification of Cyprus and to address what I believe to be the cause of the main difficulty, the removal of Turkish troops from Cyprus.

Again, if you are not prepared at this moment to address this, it is understandable. But if you would like to respond, I would like to hear it. If not, I would be delighted to hear from you later.

Secretary BAKER. Let me say that we are supportive of the efforts of the United Nations Secretary General, Senator Biden, to resolve the Cyprus problem.

I think there is going to be a meeting here in the near future on that. We have, to the extent that we can, used and use our good offices to assist the Secretary General in trying to effect a resolution of the problem.

As you know, I went to visit my NATO counterparts the first month after I was confirmed. During the course of that trip, I visited both with the Prime Minister of Turkey and the Prime Minister of Greece and discussed the issue with both of them, as well as with the Foreign Ministers of both of those countries.

Senator BIDEN. Did you have an opportunity to communicate with the Prime Minister of Turkey our concern about the continued occupation of Cyprus by Turkish troops?

Secretary BAKER. We talked about the importance of trying to find a basis on which to resolve that conflict, Senator. I did not put it in terms of occupation by Turkish troops.

But I really detected on the part of Prime Minister Ozal, if I may say so, a genuine desire to move forward to try to resolve this problem, if he could.

Now, since that time, he has undergone some elections that have not strengthened his hand. There was some feeling I think on his part that the Greeks might not have been in a position to move at that exact time because they had elections coming up.

So, the problem is all wrapped up, as you can well expect it would be, in the domestic politics of both Greece and Turkey. It's a very difficult problem. But we really believe that the best way to resolve it is to support the action of the Secretary General of the U.N., and that is what we have been doing.

Senator BIDEN. I would like permission to submit some followup questions on this issue, if I may, Mr. Secretary.

I appreciate your cooperation.

Thank you, sir.

The CHAIRMAN. Thank you, Senator Biden.

Senator Lugar.

Senator LUGAR. Thank you, Mr. Chairman.

Mr. Secretary, from time to time, this country or this administration, or both, are accused of not providing adequate, enlightened leadership. But I am convinced that in the statements you make about the Philippines, on pages 23 and 24 of your text, that you and the administration have taken a very important step in reaffirming support for the $200 million multilateral aid initiative.

Let me just say that it appears to me that in addition to this specific request, there are remarkable opportunities in the MAI, which you and others have explored and probably will continue to explore with our Japanese friends, with European friends, with friends in Singapore and elsewhere to integrate and rationalize foreign assistance in a much more efficient and comprehensive worldwide scope.

The Philippine initiative offers, it seems to me, a remarkable occasion in which the Government of the Philippines now is putting forward an important plan of its own with objectives that are determined by Filipinos.

There is also conversation between our country and the Japanese, the Europeans, and others, about how our foreign aid programs might be better coordinated. So, I commend this initiative, both for the request that you have made, but, even more importantly, for the leadership that it offers in the worldwide context of what the role of Japan ought to be, or Europe, or others, in using foreign aid to promote our mutual security.

Likewise, I was heartened that the World Bank at its meeting saw in the Philippines situation, along with Mexico and a couple of others, countries in which a debt problem might be worked out creatively, if a country has been willing to pay, meet its obligations and fulfill really the criteria of responsibility.

Let me follow on by saying that in one other situation, I look for new opportunities and I suspect that you do, too. We have had a debate, which has already been mentioned in this hearing, about our policy in Central America, and particularly with the Contras in Nicaragua.

The focal point in the recent debate is the Nicaraguan election in February of next year.

In preparation, private American citizens have gone to Nicaragua to take a look at election laws and prospects for fair registration and the establishment of a tribunal or governing authorities, in essence how this election might work.

I wish that we had had more time in this committee, and we are simply precluded by time from discussing the Panamanian election situation. The republican and democratic institutes have sent people there. The Center for Democracy has. There are a number of international observers from Guatemala, Venezuela, European countries, and the Papal Nuncio. It is a very important election in terms of moving off dead center in Panama.

But the Nicaraguan election really is critical, not only for us, but for the Central American democracies.

My own thought is that the dynamics of world opinion with regard to free and fair elections are a tidal wave that we have going with us, not only our own desire, but that of many, many countries throughout the world.

How can the State Department or our Government best prepare for the Nicaraguan election? What sorts of things should we be doing now in terms of thinking through the nitty-gritty of what is acceptable and what roles the Central American countries, or Venezuela, or the European EC, or others, should play? This is a critical feature, as I see it, of our foreign policy, and the need for the people of Nicaragua to have an opportunity for choice and to resolve their problems next February.

I would like your judgment as to what preparation you foresee for that event.

Secretary BAKER. Senator Lugar, I think there are some things we can do, and we have begun doing these things.

I quite agree with your statement that the force of worldwide public opinion is really what we are banking on here. It is extraordinarily important that we bring it to bear on the process.

Frankly, as I said, during the course of negotiating the bipartisan accord on Central America and supporting passage here in both Houses. I am not particularly sanguine, when you look at the record of the Sandinistas, in failing to keep promises about elections, much less holding elections that are determined to be free, fair, and open.

First of all, let me say that the Central American democracies, with whom we have consulted, have suggested that the Sandinistas, in passing the laws that will give effect to this election, sit down and consult with the resistance. They chose not to do that. They chose to unilaterally go forward, and their legislature has recently passed certain laws that will govern the conduct of this election.

We visited with President Arias of Costa Rica not long ago. He was here to see President Bush. He is very concerned about whether or not the elections to be held there, whether or not the machinery exists to hold a free and fair election.

President Carlos Andres Perez, of Venezuela, with whom we have also consulted, is very concerned about whether the machinery exists to hold a free and fair election.

I think it is important that we focus world attention on this and the need for the Sandinistas to keep their promises and to put in place machinery that will support a free and fair election.

We are consulting with a number of our European allies, members of the EC, who provide assistance to Nicaragua, and we are pointing out the promises that have been made and suggesting that they might be interested in measuring the performance against those promises.

They are planning to send observers, I think, to these elections. I know that Latin American countries are planning to send observers.

I hope that there are observers from the United Nations and the Organization of American States. We are consulting with those organizations about the potential for and possibility of observers to see whether or not the Sandinistas can, for once, perform on a promise.

I think these are things that we can do, that we should do, and that we are doing, in order to focus worldwide public opinion on

that election, because it is very, very important that they conduct a free and fair election.

Senator LUGAR. Let me just add that I think this focus is tremendously important, and I am hopeful that all of these observers will be named.

But it seems to me that there are two sets of events that also drive the process. One may be your negotiations with Mr. Shevardnadze, and negotiations President Bush may have when he meets at the summit with General Secretary Gorbachev.

Clearly, one objective of our foreign policy, which you have enunciated, is to ask the Soviet Union to cease and desist assistance to Nicaragua. For a variety of reasons, there may be some goals that the Soviets seek that would lead them to that step. If, in fact, in this period of time between now and February, the plug is pulled in terms of Soviet assistance to Nicaragua, that changes the picture, it seems to me for the Nicaraguans.

It appears to me likewise that our own economic sanctions against Nicaragua have been very, very effective. Almost every observer in that country comes back with the thought that regardless of the desire of the Sandinistas to foul up the election, there are some compelling reasons for their rejoining the rest of the world economically. There may be good reasons why they might run a free and fair election, even though they, in their heart of hearts, might not want to.

In other words, I am suggesting that whatever the laws that are being passed by that legislature now, there is time for diplomacy and for economic sanctions to work, so that, in fact, we do have a free and fair election if we know what we want.

What I am concerned about is that we may not know what we want. In other words, there ought to be criteria in the international community as to what constitutes the nitty-gritty of setting up a free and fair election, and that we know this all the way along and that we keep driving toward that, so that, finally, at that point in February, when people have a chance to vote, they have a chance to make the same choice that apparently people had in the Soviet Union, which, for a variety of reasons, allowed people to vote no, even if you had only one candidate.

It is not an impossible standard to ask of Nicaragua. The world community will demand free and fair elections if we know precisely what that means and have it well advertised in advance.

I just want to make certain from our standpoint, our State Department and our diplomacy, that the rest of the world will have to help bring about free elections, and that we can do a great deal creatively to set the stage for those elections.

Secretary BAKER. I think that is quite right, Senator Lugar. When I mentioned the passage of these electoral laws as not really measuring up to what we had hoped, I am talking, of course, about measuring those against certain criteria.

Now that has just been accomplished, and we do not have the criteria laid out there objectively the way we should. But I quite agree with you. The test is going to be does the opposition have the same access to the media that the government has and so forth. You know, are there restrictions on participation by any group of citizens or class of citizens.

So, we will be looking at that.

I did not mention the dialog with the Soviets because that has received a lot of public attention, and I just assumed that was a given. But we are talking to the Soviets about this and will continue to.

But I have to say, based on their performance in this respect thus far, I am not particularly sanguine that they are going to do anything between now and the time of the election. But, again, that could well be influenced by the force of worldwide public opinion.

Senator LUGAR. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Lugar.

I would ask the staff members to notify their Senators that we would like to come to a vote on the nominations, and we would like to get a quorum immediately following Senator Sanford's term in 10 minutes or the next one around.

So, if we could get a quorum, it would be very helpful.

Senator Sanford.

Senator SANFORD. Thank you very much, Mr. Chairman.

Mr. Secretary, I thank you for being here.

I have watched with a great deal of interest and satisfaction everything you have done since you have taken on this new responsibility. I must say that the freshness of it, the new thinking, as it is sometimes called, is the most hopeful sign that I have seen since I have been in Washington.

Now, I have not been here for very many years, but it is certainly appreciated, because I do see an attitude now that we can be the kind of leader that this Nation ought to be. I am certainly grateful for your leadership.

I thought last year that maybe we ought to do something here to examine the foreign aid scramble, and then I realized that the House was doing it, and didn't see much point in duplicating that work.

I do think that the Hamilton report has been very helpful and a very good report. I assume from what you say that you do, too.

My question is where do we go from here? Will the State Department provide some initiatives or some suggestions for legislation? Is there some plan to follow through on both Alan Woods' report as well as Hamilton report?

Secretary BAKER. It is my understanding, Senator Sanford, that the House, that the Hamilton-Gilman report will result in legislation over on the House side, and that the prospects for that over there are considerably brighter than they are over here.

But we do find a lot that we like in that, and, as my oral statement indicated, we think it is about time to clean that bill up, because it is loaded down and larded up with 28 years of amendments, many of which no longer have meaning and simply serve to confuse.

There are some things in there that we do not agree with, and we have made that clear in our response over on the House side.

So, our position is we would like to work with the Congress to implement the many recommendations in that report that we agree with.

There will be legislation in the House. I am not aware of legislation as yet pending before the Senate. Maybe that is something that you would like to sponsor.

Senator SANFORD. Well, the chairman may have a different idea about it. I had thought since they had made this start a couple of years ago, we probably ought to wait and see what they were doing. But it would be extremely valuable from my point of view to have the Secretary's views on it so that we can see what we can do to accomplish it.

Secretary BAKER. If we have not sent those over here to the Senate side, Senator, we will do so immediately. We will send you the views we have expressed over on the House side.

Senator SANFORD. Thank you. On another topic, in keeping with what Senator Lugar alluded to in terms of the Philippines, I think it also applies to Central America.

How do we put together a better mechanism, not only of achieving our goals in these developing areas, like the Philippines, and specifically now in Central America, but what kind of mechanism do we have for drawing in other countries, for drawing in Japan, for drawing in European countries, and going about the program as we have seen outlined and as you have looked at? How do we go about that development program? How do we go about bringing in the funds and ideas and help from other nations?

Secretary BAKER. Well, that is generally done, as it was with the Philippines, Senator, on a more or less ad hoc basis; that when there is a major problem to be dealt with or a major area of emphasis to be concentrated upon, we, quite frequently, get together with our European and Asian allies and see what we can do about it.

Now, the Caribbean basin initiative I think was an example of a U.S. initiative; the multilateral assistance initiative for the Philippines is an example. We have done some things in Africa, and that is generally the way those things evolve.

I don't think we need any additional formal organizations, if I may say so. I think we have plenty of organizations, both on the political side and on the economic side. It is a case of making use of those organizations and just generating the interest and the support through active diplomacy on our part.

Senator SANFORD. Well, I particularly was interested in the Report of the International Commission on Central American Recovery and Development. It seems to me that that is an ideal pattern for getting other major nations involved, which would probably be helpful elsewhere if we work it well.

Secretary BAKER. I think that is right, Senator.

As you know, we have worked fairly closely with Japan with respect to additional contributions by the Japanese from the surpluses that they continue to run year after year toward more development assistance, toward more foreign assistance, and toward a greater participation in solving the Third World debt problem.

Senator SANFORD. Do you see their attitudes opening up toward that kind of activity, as distinguished from activity that they have probably mostly centered on in the past, how to develop their own trade? Are they beginning to take a broader perspective?

Secretary BAKER. I think they are beginning to be more broad-gauged in their approach.

The participation that has been generated recently, increased participation, is said to be totally untied. I think it is very important that it be, in fact, untied.

But I really do believe they are beginning to adopt a more broad-gauged approach to this than simply using that development assistance or foreign aid to generate additional trade.

Senator SANFORD. If we wanted to respond to the presidents in Central America and their acceptance of the ICCARD report the development of Central America, how would we go about coordinating that with other nations? You say that we have a great many mechanisms.

Specifically, how would we approach that if we decided we wanted to do it?

Secretary BAKER. Well, we would do it the same way we have done the Philippines, the multilateral assistance initiative for the Philippines, the same way we did the Caribbean basin nitiative. We would do it through, initially, bilateral contacts with our European allies and with Japan.

We would propose the creation of a specific initiative for economic development in the region.

One of the problems we have had, of course, is that there has not been in this country a uniform view with respect to what our approach ought to be. Now we have such a view, and it gives us the potential, once we begin to see democratization occurring in Nicaragua and once we begin to see an absence of participation in the subversion of neighbors vis-a-vis what they are doing with respect to the FMLN in El Salvador, that will then give us a basis on which we could proceed with our European and Asian allies to move toward an economic initiative.

Senator SANFORD. Well, it seems to me that one of the problems is there has not been enough coordination of assistance, that Germany comes in with one approach, and Sweden with another, and the United States with still another.

Secretary BAKER. That's correct.

Let me say that we have been working toward trying to obtain some coordination there, particularly with respect to the approach of those countries to Nicaragua. What we have said is why don't we start judging these folks on their promises and whether or not they perform their promises.

As Senator Lugar said, our economic sanctions have been very effective. They would be even more effective toward bringing democracy to Nicaragua and basic respect for human rights to Nicaragua if they were joined in by our European allies.

Many of those countries, though, will tell you we do not condition our aid. Even some countries in this hemisphere will tell you that.

But that is the kind of thing, frankly, that I think we ought to do, because then we would be vastly more effective.

Senator SANFORD. And how do we carry it then to the next positive step of how do we coordinate what we do for their education, development and recovery?

Secretary BAKER. In the same way.

As far as the European contributions, most of them, those that come from members of the European Community come in through the EC. So, it is not too difficult to coordinate if the will is there.

Scandinavian contributions come in differently, those Scandinavian countries that are not in the EC.

Senator SANFORD. Thank you very much.

The CHAIRMAN. Thank you very much.

Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman.

Mr. Secretary, first I would like to say that I appreciated, I think we all did, your strong statements condemning Syria for her actions taken in Lebanon.

But I think, personally, that more needs to be done. I wonder if you have considered any further diplomatic or political pressure that could be brought to bear?

It seems to me that the indiscriminate bombing has increased, that it is a country that many now view as beyond hope. It seems to me the potential, the chaos there and the ripple effect from that, are devastating.

Secretary BAKER. It is a great tragedy, Senator, and it is something that is very, very intractable as a problem.

You and I both remember what happened to the United States when we got more directly involved in the tragic affairs of Lebanon in 1982 and 1983.

The Foreign Minister of France was here 2 weeks ago, and we talked about this. They have a major interest in Lebanon.

The President has talked to the President of France about this.

It is our view that the initiative that has the greatest chance of success—and in terms of chances we cannot be too optimistic on the basis of what has been happening there—but the initiative that has the greatest chance of success is the initiative of the Arab League. We think we ought to support that.

There is a view that there ought to be somehow some greater activity or action on the part of the United States, either unilaterally or acting jointly with France. We do not see the potential for that right now.

There has been some discussion of what the U.N. might be able to do, or might do.

The CHAIRMAN. If I could interrupt for a moment, a rollcall vote is going on at this time. I will slip over and vote, and whoever is senior on the Democratic side will preside; and if there is no Democrat, then on the Republican side should preside. I will be back as quickly as I can.

I would urge again that we come to the vote on the nominees immediately following Senator Kassebaum's questions, or when we come back from the vote.

Secretary BAKER. I think I was basically finished with my answer, Senator.

It is a very, very difficult problem.

Senator KASSEBAUM. This is more a statement than anything else. Has any thought been given to calling home our Ambassadors for consultation, from Syria, from Lebanon, and in concert with the French and the Spanish?

It seems to me that world opinion really needs to be focused at this point.

Secretary BAKER. Well, I think it does.

You know, we almost daily call for a cease-fire in Lebanon. We almost daily call for the removal of all foreign forces.

I don't know how much of a statement recalling Ambassadors would make, particularly the Ambassador to Lebanon, where the governmental situation there is as chaotic as it is.

So, in terms of statements, we make a lot of statements, and sometimes it is frustrating to think that that is really about all we can do.

But it is a very, very intractable problem that does not lend itself to any easy solution.

I don't know what else, frankly, Senator, that we could do. We have scant influence, as you know, with Syria. I said, I think before you arrived, that one of the things we talked to the Soviets about is their professed desire to involve themselves in the peace process in the Middle East. We point out that they are the one country in the world that might have some impact on Syria.

Senator KASSEBAUM. I'm sorry. Maybe this had already been raised before I asked it.

Secretary BAKER. No, it had not. It's just that we did get into the question of what the Soviet Union might be able to do in the Middle East.

Senator KASSEBAUM. I know that when I was in Syria in January, there was really the thought there, and perhaps on our part as well, that better relations could be established, and we had hopes that President Assad was going to be an influence in the elections, and it just has not materialized.

Secretary BAKER. No, it has not.

Senator KASSEBAUM. Perhaps there have been the wrong signals or assumptions on the part of the Syrians.

Secretary BAKER. I think we have made our displeasure known, Senator. I mean, I don't think it has been a case of not sending the right signal to Syria.

Senator KASSEBAUM. Well, I don't have any solution, either, other than I just feel that the deterioration can perhaps be at least focused in a better way if all the nations who have an interest and a stake there, and it is the Arab League, as well as many of the rest of us, would simply come together and say this is an outrage that cannot be tolerated, and behind the scenes begin to take some actions.

As you know, part of it is in the headlines and part of it is behind the headlines.

Second, before time runs out and we have to vote, I would like to move to foreign aid. It is something that I have felt strongly about, foreign aid reform, for some time. I had a bill in the last Congress and have reintroduced it in this Congress.

I am very appreciative of what the House is doing because I think they have taken initiative in this area.

I would go even further and end all earmarking, which, of course, is probably not going to be politically possible to do. But I think regional accounts are important. I think it gives us more

flexibility to deal with foreign aid programs as we have to move shifting back and forth .

I have come to this conclusion after dealing with sub-Saharan Africa for some 8 years, which usually gets short shrift.

As I understand it, reading your statement, the foreign assistance package is about $9.4 billion. Is that the total?

Secretary BAKER. That is roughly it.

Senator KASSEBAUM. Which is a substantial reduction. But that may not be the full total.

But, if I am correct on that, I then read that $5.3 billion of that goes to Israel and Egypt.

Secretary BAKER. Well, no.

The aid program, Senator Kassebaum, is $14.6 billion.

Senator KASSEBAUM. That is the total package, $14.6 billion?

Secretary BAKER. Yes, that's right.

The budget summit gave the 150 account a 3.8-percent increase, which I think is something those of us who are interested in this account ought to be pleased with.

Senator KASSEBAUM. Well, I recognize that I was reading lower figures.

It is something that we have had hearings on and I would hope we could move forward. I certainly would welcome any suggestions from the State Department.

But I think clearly there is growing frustration that the effectiveness of our efforts could be improved with some substantial reform. And before we leave, I just would like to make one other statement following on Senator Lugar's questioning regarding elections in Nicaragua and Panama. I would reiterate again that May 7 in Panama is a very important election.

Is there any way to galvanize public opinion worldwide as to the importance of that election, as was done with El Salvador in 1982?

Secretary BAKER. Well, we are working toward that end, Senator, and the National Endowment for Democracy, as you know, is in there. Again, the other Latin nations themselves are taking an interest in seeing that this is a free and fair election, that General Noriega does not try to steal it.

So, we are doing what we can to that end.

Senator KASSEBAUM. I think, again, the press and public pressure can do a lot to focus attention.

Secretary BAKER. I think that is right.

Senator KASSEBAUM. If the world at large is caught up in the importance of this election, it can do, I believe, something to change opinion, and it certainly calls attention and makes President Noriega aware that the world is watching.

So, I hope that observer groups will be coming from other nations——

Secretary BAKER. They will be.

Senator KASSEBAUM.—[continuing]. as well as as many from here as are encouraged to go, and, with your giving it top priority for the really sustained efforts for a team from here, that they will give it their top priority.

Secretary BAKER. That is our purpose and intent, Senator.

May I say one final thing on your comments about foreign aid?

I made the point in my oral statement that we can do a far better job together, the Executive, the Congress, and the Nation, if we are given a little more flexibility, as you just pointed out, in the application of these funds and in the management of this account. To the extent that we can move away from earmarking, we strongly support that. We so testified over on the House side. And, by the way, there is some support on the House side for that.

We may not be able to get all the way away from it, but we need to move away from it, and we need to move away if I may say so from some of the tendencies of the past to micromanage in this area. Once that micromanagement takes place, it is then locked in for a budget cycle, and it means that we do not have the flexibility to adapt to differing diplomatic and foreign policy situations and events that take place.

Senator KASSEBAUM. I could not agree more.

I think that as we would dramatically move away from earmarking, we could begin then to stop micromanaging. But as some earmarks are kept in place, then everybody else wants to protect their own accounts or countries that they think need assistance.

So, I think that there are some ways that we can begin to address this in a more positive light.

Thank you.

Senator LUGAR [presiding]. The committee will stand in recess pending the return of the Chair.

[A brief recess was taken.]

The CHAIRMAN [presiding]. The committee will come to order.

Senator Kassebaum was the last questioner, so we will rotate now to Senator Moynihan. I'm sorry, Senator Simon is here.

Senator SIMON. No, I would yield.

The CHAIRMAN. Senator Moynihan.

Senator MOYNIHAN. Mr. Chairman, I have but one question. It is a very general one, and that is to say to our distinguished Secretary that a number of us in the committee were struck by passages in the "admission," as I believe it is called, that the executive branch submitted to the court in the trial of Colonel North. That admission seemed replete with references to situations in which foreign governments were asked to pursue a particular course in foreign affairs, and, as an inducement, were offered increased measures of foreign military and economic assistance. I don't claim to say that this is new, but I believe we have not seen it in this kind of detail before.

I just wondered if the Secretary had a general comment on that practice as we proceed. I don't think we will see it when the foreign assistance measure is before us, which we will be marking up in a very short while.

Secretary BAKER. Senator Moynihan, I am not familiar with how the—you referred to it as an "admission."

Senator MOYNIHAN. I think that is the term.

Secretary BAKER. Well, I am not familiar with how that was constructed. I am not familiar with who wrote it.

Someone suggested the other day that it was written by counsel for the defendant in the case. I don't know the answer to that.

Senator MOYNIHAN. Nor we, sir.

Secretary BAKER. I am simply totally unfamiliar with it. I'm sorry, but I am therefore not able to respond intelligently to your question.

Senator MOYNIHAN. I perfectly understand that. Thank you.

The CHAIRMAN. Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman.

Mr. Secretary, I had the opportunity recently, as you well know, to chair the President's Election Observer Group in El Salvador. It was an extremely interesting experience. People voted in spite of the fact that they might have gotten shot on the way to the polls, and some did.

It was, it seems to me, in every respect a successful election. The turnout was, in fact, higher than we had here in 1988, and I don't think anybody felt they might get shot on the way to the polls in the United States.

In spite of that, there are at least two subcommittees of the House Foreign Affairs Committee that have taken preliminary votes to bar certain kinds of assistance to El Salvador's police, to cap its military aid, and put conditions on economic and food assistance.

I wonder if you share my view that it is rather distressing, having promoted democracy the way we have, to turn around, after an obviously successful election has occurred, and want to change the rules under which assistance is offered?

Secretary BAKER. I certainly do share your view, Senator, and I share it particularly in light of the fact that this election was the sixth free and honest election that El Salvador has held since 1982.

I share it particularly in light of the fact that President-elect Cristiani has stated, very convincingly, on a number of occasions, that he is well aware of the fact that democracy and human rights must exist in El Salvador. He has stated that he is ready to meet with the insurgency to pursue a negotiated end to the war.

El Salvador, as you pointed out, voted in greater numbers than we vote in the United States in support of democracy, at a time when the voters were running some risk of bodily harm in doing so.

So, I certainly do share your view. And I really think that now that we have a bipartisan approach to policy in Central America, I really hope that we will all avoid the temptation to react in a knee-jerk fashion to countries in the region, depending upon whether we view them favorably, as countries of the left or countries of the right.

If we believe in democracy, we ought to accept what democracy produces. If the election is free, fair, and honest—and this one was certainly judged to be that—and produces a government of the right, we ought to accept that just as we would accept it if it produced a government of the left.

One final comment that I would make Senator McConnell, is that I think it would be extremely unfortunate if we, as a government, the executive and legislative branches, were to judge those countries down there by different standards.

I really think it is important that we judge Nicaragua, for instance, by the same standards that we apply to El Salvador, and vice versa.

Senator McCONNELL. Mr. Secretary, it also seems to me that it has become fashionable of late, in some quarters in the Congress and in many quarters in the press, to assert that we have essentially wasted a lot of foreign assistance dollars in El Salvador over the last 6 or 8 years. It is in the top 10 of U.S. aid recipients in the last 10 years.

I wonder if you would take this opportunity to point out if you feel that this assistance has not been wasted, and that, in fact, it has been usefully employed in that country.

Secretary BAKER. I think this assistance is one of the main reasons that we have had six fair and free elections in El Salvador since 1982.

So, clearly, it has not been wasted, in my view.

Senator McCONNELL. Shifting to another area, Mr. Secretary, the Japanese seem to take a different approach to the provision of foreign assistance than we do.

We tend to take the view that blending aid with export credits to win commercial contracts should be minimized because it is trade-distorting and it is not helpful to the developing nation.

I am not certain that Japan shares that approach.

I am wondering if you would give me your view of how Japan's foreign aid program works. Do they tend to provide more aid than mixed credits, or vice versa?

Just how do you see their aid program?

Secretary BAKER. Senator, one of the first battles that I had to fight when I became Secretary of the Treasury in 1985 was a contest in the OECD with respect to mixed credits. We were anxious at the time, the United States and some other countries, to raise the minimum grant element where mixed credits were concerned, and to increase the transparency of those credits so that they would not be so distorting of trade flows.

We were able ultimately to do that. After about a year's worth of effort, I think we got the minimum grant element up to about 40 percent, and that is now, I believe, the OECD standard, and Japan abides by that as a member of the OECD.

I said before you got here, in response to a slightly different question, that I think Japan is a bit more broad-gauged now in their approach to aid and trade, and they do not tie it quite as much as they used to. But sometimes old habits die hard. I think it is very important that we make certain that when Japan says they are going to increase their contribution by $20 billion, or what have you, toward the settlement of the Third World debt problem, or to aid overseas development assistance in a particular area, and that that is going to be untied, I think it is very important that, in fact, we receive implementation of that commitment in the form of truly untied assistance.

But the bottom line is I believe that they are beginning to adopt a more broad-gauged approach in light of the persistent surpluses, trade surpluses, that they continue to run.

Senator McCONNELL. Are the Japanese increasing their aid as well as their commercial banking presence in South America?

Secretary BAKER. They are increasing their aid in South America. Yes.

Senator MCCONNELL. Would it be fair to say as we negotiate tough IMF conditions on debt restructuring in South America that the Japanese banks move in to support Japanese exports? Is that a fair statement?

Secretary BAKER. Would you repeat the question, Senator. I am not sure it is a fair statement the way the question exactly was asked.

Senator MCCONNELL. My question was would it be fair to say that, as we negotiate tough IMF conditions on debt restructuring in South America, that Japanese banks move in to support Japanese exports?

Secretary BAKER. I think Japanese banks are in South America, and I think that Japanese banks would tend naturally to support Japanese exports, just like U.S. banks present in South America would tend to support U.S. exports.

I do not think it is necessarily tied to restructuring IMF programs, if that was the thrust of your question.

Senator MCCONNELL. The Japanese seem particularly shrewd at using the Asian Development Bank to their commercial advantage. Would it be fair to say that a large percentage of loans issued by the bank are for projects Asia-wide that, in fact, a Japanese company ends up building?

Secretary BAKER. The record might well support that, Senator. I would not be able to confirm it directly without looking at the record. But that is an objective test that could easily be verified.

Senator MCCONNELL. What do you think accounts for this particular success? Is it that they are in the area?

Secretary BAKER. They are in the area. They are very interested in development in the area. They have a major management role in the Asian Development Bank. I think those are the things that primarily account for that.

Senator MCCONNELL. I am wondering how we might be able to break into this area a little bit better.

Just let me relate an experience that we had with a Kentucky business.

One of the problems for U.S. businesses obviously is the question of distance. When a Kentucky company called my office about a potential contract in the Far East, I discovered the Asian Development Bank does not have a Washington office of representative.

While we do have an American board director and make sizeable annual contributions, we do not seem to have much access to the programs.

I wonder if there is anything that the Department, under your leadership, might do to make it a little easier for us to compete out there.

Secretary BAKER. Well, we do have Americans as officials in the Asian Development Bank. In fact, I think, I believe there is an American vice president in charge of operations, I believe now.

The Asian Development Bank, really, the supervisory responsibility for that in the U.S. Government is with the Treasury Department and not with the State Department.

We continue to maintain a heavy presence in the Asian Development Bank because we think it is important to the United States that we be involved in the Pacific Basin.

I am not sure that there is anything that we could do or should do, frankly, Senator, by way of opening an office here in the United States. I think it would be reasonably easy for a U.S. private enterprise that is operating in that region to get in touch with the Asian Development Bank and take advantage of the Asian Development Bank's programs.

Senator MCCONNELL. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

If anybody has a burning question, this is your opportunity.

I have one further question that I would like to ask, too, Secretary Baker, and that is this. My understanding is that the original request for discretionary programs under the international affairs function, 150, was reduced from $17.3 billion in outlays to $17 billion.

I am curious from what sections do you propose to make the $300 million reduction?

Secretary BAKER. That is something that we are going to have to work with you on, Mr. Chairman. That reduction was just accomplished in the context of the budget summit agreement last Friday. So, we will have to work closely with you and other committees to determine exactly where that $300 million reduction would come from.

Let me simply say, as I may have mentioned in my opening remarks, if you would enact the $19 billion level that the budget summit agreed upon with a minimum number of restrictive earmarks, I really believe we will be able to do the job with the $19 billion—the $17 billion—that is available.

I also believe that this is really about the best we could expect in this overall budget climate, in light of the budget constraints that we face. We will simply have to work with you to determine where we apply the reduction.

The CHAIRMAN. Thank you very much.

Senator Helms.

Senator HELMS. Let me follow up, if I may, on Senator Kassebaum's point about Lebanon.

I believe you mentioned that you supported the Arab League's involvement in negotiating a settlement. However, that effort has failed.

You also mentioned, if I heard you correctly, that you were not enamored of the French involvement.

Secretary BAKER. I didn't say I "wasn't enamored" of the French involvement. I didn't mean to say that.

The French have a major interest there, Senator Helms.

Senator HELMS. Yes. The point is—and correct my impression and what I am hearing if it is incorrect—was not the French Government last week poised to launch a peace initiative for Lebanon?

I believe that the Foreign Minister, Mr. Dumas, conferred with you, didn't he?

Secretary BAKER. Yes, he did.

Senator HELMS. Now we hear all sorts of things in the diplomatic community, including that you indicated to Mr. Dumas that the United States would not support a French involvement.

Is that not accurate?

Secretary BAKER. Well, we would have to know what that involvement is. He didn't come to us with any specific proposal. What we said was we thought that the most appropriate policy position now was to continue to support the Arab League initiative, even though it has not, as yet, been successful. Neither have any other initiatives in Lebanon, and we have had a whole lot of them over quite a few years.

But the French did not come to us with any specific proposal, Senator.

Senator HELMS. I see.

Well, you know how things take on a life of their own in this business. We heard from the U.N. that the United States Delegation had put out the word that the United States would not support a French initiative.

Secretary BAKER. I think I mentioned that President Bush had had a conversation with President Mitterand, and I mentioned just before you recessed to Senator Kassebaum that there was interest on the part of the U.N. in calling for a cease-fire, in calling for the removal of all foreign forces, in effect, heightening the visibility of the problem along the lines that Senator Kassebaum had suggested.

That is something that the United States would not have a problem with, Senator Helms. But in terms of a peacekeeping force being inserted in there, involving additional U.N. peacekeeping assessments, and so forth, we would really want to see a lot more than we have seen to date.

Senator HELMS. Thank you.

Senator KASSEBAUM. Mr. Chairman, I am sorry, but I wonder if Senator Helms would yield for just a moment so that I could follow through briefly on that.

It was called to my attention during the break that there had been a statement on the news this morning, I guess, by a reporter that said that the State Department had acknowledged that Syria, that they recognized Syrian hegemony over Lebanon.

Can you give any statement in strong refute of that?

Secretary BAKER. Yes, I think I can, without even asking behind me of staff here, because I cannot believe that that was a statement that we made.

We have been saying for as long as I have been in this job and a long time prior to that that we want to see all foreign forces out of Lebanon.

Senator HELMS. As a matter of fact, yesterday, the Department identified Syria for the first time as the aggressor.

Isn't that correct?

Secretary BAKER. It's the second time, I think. The second.

The problem of determining who is the aggressor in this particular situation is extraordinarily difficult. You have Arabs fighting Arabs, and you have Christians fighting Christians in Beirut today.

The CHAIRMAN. Thank you very much, indeed.

Because of the confusion of the vote and people not being here, we now have to reduce the questioning time to about 5 minutes.

Senator Kerry.

Senator KERRY. That is going to be hard, but I will try to do my best.

Mr. Secretary, thank you very much.

I want to congratulate you——

The CHAIRMAN. The reason is he has to get down to the White House shortly.

Senator KERRY. I understand.

I want to congratulate you yet again on the bipartisan agreement which we reached, and thank you for your efforts in that behalf.

I have a number of questions and I will try to move rapidly through them.

First of all, Mr. Secretary, you made a very important speech regarding climatic change and our efforts thereon. There are a number of decisions which are impending and a number of meetings which require them to be made. The first is the response strategies working group which we chair, which will be meeting very shortly.

The second is the United Nations environmental program meeting which I think takes place shortly thereafter. Finally is the Economic Summit in July, in Paris.

We will be chairing the response strategies working group meeting in a few short weeks. There is no indication of whether or not we are going to support a global convention on climatic change.

I wonder if you could share with us whether at this point in time a decision has been made respecting that convention.

Secretary BAKER. I don't believe a decision has been made, Senator Kerry. And that is all I can say to you on that, other than that I will check further on it.

Senator KERRY. Mr. Secretary, I appreciate that. I do not need to underscore the contribution we are making to the carbon dioxide levels of the world. I hope very much that we will move toward a negotiation of that particular convention.

On another matter, last week, I met with Yatama leader Brooklyn Rivera, to discuss the status of his negotiations with the Sandinista government. In the course of that conversation, concerns arose, and I would just like to raise them with you.

He apparently continues to be denied entrance into Honduras to meet with his followers. I wonder if it is our policy to encourage the Honduran Government to prevent him from doing so, or would we take a position that he ought to be able to meet with his followers and that that would enhance the process which we are now engaged in in the region.

Secretary BAKER. I am not familiar with the incident you are referring to. I will have to check on it for you.

We have been encouraging, frankly, the Sandinista government to meet with the resistance in order to get their views and ideas on how the electoral process could be structured in order to provide for a fair election.

So, I was not aware of the bar that you have mentioned, but I will check into it.

Senator KERRY. I appreciate that.

[The information referred to follows:]

Brooklyn Rivera has long contended that he is the leader of the YATAMA Indian organization. The organization is split into at least two factions. Rivera was expelled last year by the faction which holds the allegiance of the YATAMA resistance

army; that faction is represented on the Directorate of the Nicaraguan Resistance by Wycliffe Diego. Mr. Rivera was told by the GOH in May 1987 that he would have to comply with certain restrictions on his political activity if he were to enjoy continuing access to Honduras. Mr. Rivera subsequently ignored at least one of those conditions and was not allowed to return to Honduras. We would have no objections to Mr. Rivera visiting Honduras; it is not out policy to encourage the GOH to prevent him from doing so.

Question. We are chairing the meeting in yet a few short weeks. There is no indication of whether or not we are going to support a global convention of climate change. I wonder if you could share with us whether at this point in time a decision has been made respecting that convention. Mr. Secretary, if I could follow up with you some time, I would like to, on the issue of the convention and the climatic change. I cannot think of anything where our leadership is more important, and I know you embraced that concept early on. I just want to underscore that again and again.

Answer. At its May 10–12, 1989 meeting in Geneva, the Steering Committee of the Response Strategies Working Group (RSWG) adopted a workplan to examine a range of potential measures to implement response strategies to climate change, including legal measures and processes, technology transfer and development, financial measures, public education and information, and economic (market) measures. With regard to "legal" measures, the Steering Committee will examine both existing and new legal processes, including the elements of a possible framework convention on climate change.

The United States has invited all members of the U.N. Environment Program and the World Meteorological Organization to attend a special meeting of the Response Strategies Working Group during the first week in October to discuss these potential implementation measures.

President Bush expects that these efforts in the IPCC and its RSWG will serve as the basis for formal negotiations on the establishment of a framework convention on global climate.

Senator KERRY. I would like to know this. The relocation assistance which we are providing to those who voluntarily seek to return to Nicaragua, will that include the Yatama Indian population on the North Atlantic coast?

Secretary BAKER. Well, it would include any members of the Nicaraguan resistance that wanted to repatriate, reintegrate, or voluntarily relocate.

Senator KERRY. Do you consider them to be part of that? Do they fit within the definition of "resistance," having been kicked out, decimated, and treated very badly by the government, and by others, as a matter of fact?

Secretary BAKER. There are about 12,000 identified members of the resistance, Senator Kerry. I don't know whether the Indians you are talking about are in that group or not.

Senator KERRY. They never have been really formally viewed as part of it.

Secretary BAKER. If they are not, then it would not be my view that they would qualify for the humanitarian assistance under the legislation, probably.

The CHAIRMAN. I must interrupt here because we now have a quorum, and the Chair would welcome a motion.

[Whereupon, at 11:38 a.m., the committee proceeded with other business.]

[Whereupon, at 11:40 a.m., the committee resumed its open session.]

The CHAIRMAN. Senator Kerry.

Senator KERRY. Mr. Secretary, on another subject, last year, as chairman of the International Operations and Narcotics Subcommittee, we began to get into a serious area of concern expressed by

Secretary Shultz and others within the Department, which is the adequacy and capacity of the Department on a number of fronts to really be able to carry out its mission. The budget has been stripped and stripped over the years, and consulates are now being closed, and so forth.

I cannot ask you all I would like to ask you about that, but one of the areas of inquiry centered on the personnel system itself. The senior foreign policy personnel who become so because they are "the best and the brightest" and are promoted rapidly, suddenly achieve "class in time," as it is known, very quickly. They become, by virtue of attrition, among the first to leave the Foreign Service.

There are a number of other questions raised about training and so forth within the department.

I know that there was a study of the personnel system authorized last year, and I wonder if you are familiar with the commission's interim report and whether you plan to continue to proceed down that road of inquiry and try to overhaul that system?

Secretary BAKER. I have not seen the report, Senator Kerry.

I am familiar with the act that there was such a report, and I am familiar with the general review of the Foreign Service Act of 1980 that has been suggested and is ongoing. But I am not familiar with the specific recommendations. I have not seen the report.

Senator KERRY. Is that of concern to you? Is that something that you personally would—I mean, the overall ability of the Department to perform its function, is that something that has come to your attention?

Secretary BAKER. Well, absolutely it would be something of concern to me. But it would normally come up through the Under Secretary for Management, whose input I would very much like to have on it.

I would probably want to discuss it as well with the Deputy Secretary, who is a product of the Foreign Service.

Senator KERRY. With respect to the question that I asked previously on the assistance to the Indian population, the area, as you know, has been both very hard hit by the war as well as by the hurricane. They have uniquely been, as you, in your answer, underscored, in a sort of special category, out on the side. While they have fought against the Sandinistas and they have resisted, it has certainly been separate from the resistance, as we have defined it.

Do you think it would be possible, in light of the harsh treatment that that population has suffered, for us to consider in the course of implementation process of the plan some form of assistance, specifically to that region, as a means of signalling to the Sandinistas, as well as to others in the region, our desire to underscore their freedom, their ability to locate, and so forth?

Secretary BAKER. I think it is something we ought to take a look at, Senator.

I remember back in the early days, when I was in the White House, some real atrocities having been committed on that Indian population up there. I think many of them were forcibly removed from their homes in Nicaragua and moved into Honduras by the Sandinistas.

Senator KERRY. Correct.

Secretary BAKER. I certainly think it is something worth looking at.

I don't think we can do it within the constraints of the funding that is in the humanitarian assistance package, or we would not have enough to support the formal resistance. But I think, as a humanitarian thing, it is something that we ought to take a look at, particularly if the situation improves in Nicaragua and it gets to the point that they might be expected to be able to move back to their homeland under safe and democratic conditions, as called for in Esquipulas.

Senator KERRY. Thank you.

Mr. Chairman, I see the light is on. Let me thank you.

Also, Mr. Secretary, if I could follow up with you some time, I would like to, on the issue of the convention and the climatic change. I cannot think of anything where our leadership is more important, and I know you embraced that concept early on. I just want to underscore that again and again.

Secretary BAKER. I think it is very important that we be active. But what I cannot answer is whether we have moved as far as your question suggested, Senator. But I would be delighted to discuss it with you, and I will undertake to find out exactly where it is now in the interagency process.

Senator KERRY. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

I realize, Mr. Secretary, that you have an engagement, but we still have several of our colleagues here who would like to ask one or two questions.

Senator Pressler.

Senator PRESSLER. Mr. Secretary, welcome.

Secretary BAKER. How are you, Senator?

Senator PRESSLER. I have an opening statement, Mr. Chairman, that I would place in the record.

The CHAIRMAN. Without objection.

[The prepared statement of Senator Pressler follows:]

PREPARED STATEMENT OF SENATOR PRESSLER

Secretary Baker, welcome back to this committee and congratulations on your performance in office during the past 3 months.

Foreign assistance is generally unpopular in my part of the Nation. In fact, it is the highest preference budget reduction area according to opinion surveys I have seen. This means you have a tremendous task to persuade and justify foreign assistance requests. One area of particular concern to me is the suggestion that we should encourage democratization in Communist countries by offering various forms of economic assistance.

Glasnost and perestroika are, indeed, encouraging developments behind the Iron Curtain, but asking U.S. taxpayers to contribute aid to repair ruined Communist economies is wrong.

I welcome the rediscovery of democratic institutions and procedures in Eastern Europe, but Uncle Sam cannot afford to be sugar daddy to more countries. South Dakota taxpayers, and many other Americans, are skeptical, with good reason, about foreign aid programs. If they now perceive that they are being asked to rebuild Communist countries with their tax dollars, they will rebel. Let's avoid making risky economic commitments to those countries. Let's see what they can do for themselves now that they have taken the first steps away from government monopoly of business and state enterprises.

Some would have us immediately open taxpayer wallets to low-interest loans, no-tariff trade and even direct foreign aid to Communist countries. I do not believe the

time has yet come for this kind of normalization of economic relations with these countries.

Senator PRESSLER. Some of my questions may have been covered.

Last week, this committee voted against a resolution of disapproval for the President's certification of Mexico as a country that is fully cooperating with United States drug enforcement efforts. Yet the United States Drug Enforcement Agency has identified at least six or seven areas in which Mexico is not fully cooperating with our drug enforcement efforts.

I don't want to get into a big, detailed debate about Mexico, but to many citizens, the certification program regarding drug cooperation appears to have become somewhat politically decided, rather than on the standards that have been set.

Although some of this might apply to other countries more than Mexico, should the United States be providing foreign aid, liberal trade terms, and loans to countries that do not cooperate with us in this drug enforcement? In other words, should we be doing business as usual with Mexico and other countries that are the source of massive amounts of illegal drugs smuggled into this country? And, indeed, has not the drug certification process become a political process?

Secretary BAKER. I think it has become a political process, Senator, perhaps in the other direction.

I think what we tend to do is to make the mistake, frankly, of sometimes blaming our problem on others. The certification process leads us to that.

It is very easy for us to say that this is all a matter of supply and that demand does not enter in. But the fact of the matter is demand is a very important part of this.

Mexico, I think, has taken some very significant steps, particularly the new Government of Mexico. They have been very forthcoming.

The new President has moved against corruption in Mexico to a degree that I think is unprecedented in Mexican governments.

I think that, while things may not be perfect, we have almost a situation here where there really should not be a lot of debate and doubt about certifying Mexico's efforts this year.

Now, that may not hold forever. We do not have time for me to go through the long list of things they have done, but I have it here and I would be happy to supply it.

Senator PRESSLER. No, I don't want you to bother.

Secretary BAKER. Let me just say one final thing.

Liberal trade terms, loans, and foreign aid—we do not supply foreign aid to Mexico. The only thing we give them would be $15 million that we ask them to spend in narcotics interdiction and control efforts.

Yes, we would cut them off from access to some loans from the World Bank and the International Monetary Fund. But those are the only two consequences that I am aware of that decertification would result in.

Senator PRESSLER. Is the administration planning to liberalize the United States economic relationship with Yugoslavia?

What specific forms is that liberalization likely to take? In view of the current human rights situation in Yugoslavia, particularly

Kosovo, is it appropriate for the United States Government to extend more favorable trade terms to Yugoslavia or provide them with debt relief at this time?

Secretary BAKER. We are concerned about Kosovo, and we are concerned, frankly, about the deterioration of the economic situation in Yugoslavia.

We have no plans that I am aware of to change our economic approach, to Yugoslavia. They have a lot of restructuring and a lot of reform to do before that economy will be in shape to recover.

Senator PRESSLER. Let me say that, as one Senator, I am somewhat concerned about the idea of—I am not criticizing directly aid to Poland and some of the other Eastern European countries. We have done it before. But those countries seem to be moving in the right direction in terms of our policy objectives without massive amounts of U.S. aid.

I hope we do not create a program or a precedent or an expectation of massive U.S. aid in this area. Then we will get people mad at us if we don't deliver. And I don't think we have enough in the budget to deliver, very frankly.

Are we overcommitting ourselves in raising expectations in Eastern Europe about aid programs?

Secretary BAKER. Well, I don't think we are, because we have not spoken to aid programs for Eastern Europe, except to the extent that the President spoke about Poland yesterday.

What he talked about were some very discreet measures—GSP benefits, OPIC insurance coverage, assistance in their relationships with the International Monetary Fund.

So, I quite understand the point you make, which is a valid one. We don't want expectations to get out ahead of the delivery system. But I don't think we are doing that as far as Eastern Europe is concerned.

At the same time, I think it is important that, when countries move in a direction that we have been hopeful and encouraging them to move in for quite some time, we are able to somehow respond.

The political changes that are taking place in Poland are absolutely revolutionary.

Senator PRESSLER. I agree with that, and they have been taking place in large part without massive U.S. aid. I think the things that are happening throughout Eastern Europe are revolutionary. They have been happening without massive U.S. aid.

I hope we do not create an atmosphere of expectation that exceeds what we can deliver.

So often, when I visit these countries, they say well, this former Secretary of State, or former President, or somebody made a commitment, or made a speech, and expectations are this and that.

I think Eastern Europe is moving in a very good direction, and we should allow it to proceed.

Thank you very much.

The CHAIRMAN. Thank you very much.

Senator Humphrey.

Senator HUMPHREY. Welcome back, Mr. Secretary.

May I say I think that you are doing a bang-up job, so far.

Speaking of expectations running ahead of delivery systems, I want first to focus on Sudan. I was there during the Easter recess, in southern Sudan, to get a look at the privation and starvation caused by the civil war.

I think our Office of Disaster Assistance, under Mrs. Taft, has done a splendid job in addressing that.

Secretary BAKER. Thank you, Senator.

Senator HUMPHREY. But that does not mean that we are out of the woods, by any means.

The real period of privation is coming on. The rains are setting in. The roads are becoming impassable, and there are going to be crises. We hope, of course, to avoid a repetition of last year in which some 250,000 or so people died, literally because they did not have anything to eat.

On this subject, I want to call your attention to a problem that has developed in the last few days, not necessarily our responsibility, but I hope you will have your people seek a resolution.

The U.N. has mounted with much fanfare a number of operations, one of which is to truck food up from Nairobi to the border. They gathered together the press the other day and dispatched a convoy of 30 or 40 trucks, none of which have been able to get inside Sudan. They are all up at a little border town inside Kenya, called Lokichoggio. They are just unloading the food there, and it is not getting inside.

Every day is precious. Every day literally can be measured in human lives because we have to get that food in there and prepositioned throughout southern Sudan, where the refugees are, and without any subsistence.

I wanted to call that problem to your attention, Mr. Secretary. There has been a lot of PR on the part of the U.N., but not too much delivery. You will have a real crisis developing.

I don't know if that has come to your attention, but I hope that you will have your people do their utmost.

Secretary BAKER. We will look at that, Senator Humphrey. I was not aware of that specific problem.

Senator HUMPHREY. I hope they will do their utmost to break that bottleneck.

Secretary BAKER. Is that a problem with the Government of Sudan, or a problem with the SPLA? I suppose that is the Government of Sudan up there, isn't it?

Senator HUMPHREY. The problem is the drivers won't take the trucks inside Sudan. The U.N. overlooked that minor point. The solution is to pay them enough to take the food in, or it seems to me.

Inasmuch as my time is limited, as is yours, I want to change focus now to Afghanistan, where the puppet regime installed at the point of 120,000 Soviet bayonets still reigns. The Soviets have been emboldened to massively resupply that regime by air in recent weeks.

I really find it difficult to discern a goal plan for achieving our stated objective, which is an act of self-determination on the part of the Afghan people.

I commend you for withdrawing our personnel from the Embassy in Kabul. I commend you for your willingness to fill the post created by the Congress last year; namely a Special Envoy to the

Afghan resistance. But I am wondering about the reports we read of of a formal rupture in relations, asking the Kabul regime to withdraw its diplomats from Washington.

Isn't there more we can do?

I mean, it seems to me our policy is watching, waiting, and hoping for the best. Surely without being too heavyhanded, we can exert more influence than we are.

The CHAIRMAN. Excuse me for interrupting, but I know the Secretary has to get away. We had said at a quarter of 12 that we were hoping to get him away.

So, I think your making brief answers is in your own self-interest, and if Mr. Mack can have a very tiny question, we would appreciate it.

Secretary BAKER. Let me just say in answer to Senator Humphrey's question that we are doing more than just watching and waiting, Senator, as I think you are well aware. Some of the things we can talk about here and some of the things we cannot.

We are interested in self-determination for the Afghan people, and we are interested as well, and we have tried to make this clear to the Soviets, that we are not particularly interested in creating a government there that is hostile to the Soviet Union.

We are interested in self-determination for the Afghan people, and we are doing quite a bit.

The CHAIRMAN. Thank you very much.

Senator Mack.

Senator MACK. Thank you, Mr. Chairman. I will try to fit as much as I can into my tiny timeframe.

First, let me just compliment you on the efforts to see that we authorize funds for TV Marti in the authorization, I think some $16 million in 1990 and some $16 million in 1991. I appreciate that.

Second, I was not here at the point when the discussion with respect to Lebanon was raised, but I do want to voice my deep concern about a lack of what appears to be public response at what is happening in Lebanon.

I think that the general objective of seeing that Syrian troops are pushed out of Lebanon is a noble objective and I hope one that we could find a way to support.

Third is the area I would like to focus my last tiny bit of time on, the agreements with respect to Nicaragua and the process of democracy. We talked about that there would be specific deadlines. One of those deadlines is coming; it is right around the corner—April 25—for establishing the framework in which elections would be held.

I have, along with you and others, talked about the importance of really challenging the Sandinista government at this point every step of the way with respect to opening up these elections.

It is one thing to say that you can have a free election. But, for example, to limit the amount of time to 80 days—at least that is one report—as opposed to a full 6-month period of elections, I do not really see that as good faith on the part of the Sandinistas.

I think they have indicated limiting the amount of time available with respect to TV to something like 30 minutes to each opposition party. That is not opening that election process.

I just would like to hear from you how we might work to make sure that not only the national but world opinion, public opinion, is focused on the necessity for open and free elections.

Secretary BAKER. Senator Mack, we discussed that at quite some length earlier, and I would be glad to go over it now. I would like to refer you to my prior comments.

Let me back up for just a minute and say that on Lebanon, in terms of drawing public attention to the problem, you know, not a day passes that we don't say from the podium down there in the State Department briefing room that we want to see a ceasefire, we call on all parties to observe a ceasefire, and for all foreign forces to be withdrawn from Lebanon. We say that every day.

It will get more attention as the fighting escalates. So we will keep saying it, and it, hopefully, will begin to seep into the public consciousness.

In terms of the framework for elections——

Senator MACK. If I could interrupt, maybe we could have an opportunity, when we do not have such limited time, when we might discuss what other things we might be able to do to try to get that message out.

Secretary BAKER. Sure. We would be delighted to receive your ideas and your suggestions.

With respect to the framework for elections, I indicated earlier that we have some major reservations about what was rammed through the legislature down there without consultation with the opposition groups, or at least without consultation with the resistance.

We talked earlier today about the importance of drawing public opinion worldwide to that, drawing public attention to that; that we have to establish criteria; that it is not enough to say you are going to have a free and fair election in February 1990, in a country that has never held an election before. You have to set out criteria and build a framework.

Part of that, as I indicated again earlier, is access to the media on the part of opposition candidates. It is a right of all to participate, and it is building a framework that can, in effect, lead to a free, open, and fair election.

So,I am just reaffirming the reservations you stated in your question.

We agree with those. We are going to continue to work to see if, through public opinion from around the world, other Latin countries, European countries that are interested in this, to see if we can't move them toward fulfilling their promises.

One final word.

President Arias, when he was here, and President Perez of Venezuela, when he was here, both expressed reservations about the framework for elections that might result from a unilateral determination by the Sandinistas to the effect, generally, that this is the way it is going to be, and that's it.

Senator MACK. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you very much.

The record will be kept open because there are certain subjects that we have not covered with the Secretary.

Mr. Secretary, we trust that you will be able to handle those in writing.

The committee is adjourned.

[Whereupon, at 12 noon, the committee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

RESPONSES OF SECRETARY OF STATE BAKER TO QUESTIONS ASKED BY SENATOR BIDEN

Q: Could you please describe what specific actions the State Department has taken on global warming since you have been sworn in as Secretary?

Could you also describe what steps you expect to take in the next few months on this issue?

A: We were instrumental in creating the Intergovernmental Panel on Climate Change (IPCC) to address the issue. The U.S. chairs the Response Strategies Working Group (RSWG) of the IPCC, and hosted the RSWG's first meeting at the State Department January 30 - Feb 1 Secretary Baker addressed that meeting. The RSWG will be key in developing an international consensus on options for responding to climate change. The RSWG and its Steering Committee will meet again, May 8-12, in Geneva. We are also taking advantage of high-level consultations, such as our meetings with the Soviets and the seven-nation economic summit, to address this far-reaching issue.

We along with other governments -- have encouraged the International Energy Agency (IEA) to make its unique expertise available to the IPCC. The Agency has hosted two meetings -- one on available and emerging technology to limit greenhouse gas

emissions and a second meeting to review and evaluate methodologies for analyzing the economic impact of possible policy responses. The results of this work will be made available to the RSWG meeting in Geneva May 8-12.

We are also actively working to ensure effective implementation of the Montreal Protocol to protect the Ozone Layer. CFC's which deplete stratospheric ozone are also an important greenhouse gas. We are obliged under the Montreal Protocol to reduce emissions by 50 percent by 1998 and recently President Bush endorsed a complete phaseout providing that safe substitutes are available.

Q: President Bush has called for a high-level international conference in the White House to deal with global warming issues. What is the status of those plans? Are there any more details available on the proposed conference?

A: We are giving active consideration to various options which might meet the President's commitment to host such a conference. We are not yet in a position to provide more detail, but hope to be so shortly.

Q: Are you considering any other institutions to pursue global warming issues? Have you considered using the Development Assistance Council as a forum to increase consideration of global warming in the foreign assistance programs of all countries?

A: Global climate change is such a far-reaching issue that it affects and is addressed by numerous national and international organizations. The IPCC is not intended to replace or duplicate these but to provide a forum for the intergovernmental community to consider the sum of all the work being done in order to identify and evaluate possible responses. In the process, IPCC will also identify gaps in our knowledge and encourage appropriate bodies to fill those gaps.

Examples of organizations active in addressing various aspects of global climate change are the ICSU International Geosphere-Biosphere Program, the WMO/UNEP/ICSU World Climate Program, the International Oceanographic Commission, International Energy Agency, and the OECD. Most of these are at present focussed on analytical work which provides the basis for policy consideration, e.g. the long-standing work of the World Climate Impacts Program administered by UNEP under the World Climate Program and the new work of the IEA on CO_2 emissions projections. The UNEP Governing Council deals specifically with policy response to climate change. The 1987 UNEP Governing Council decided that it was premature to begin negotiations, as some nations proposed, on a climate convention and that instead we should establish the IPCC to lay the foundation for consensus and responsible decision-making.

As a result of your suggestion, we will consider using the Development Assistance Council as a forum to increase consideration of this issue in foreign assistance programs.

Q: Global warming has lept on the international agenda like few other issues. It would not be surprising if the Bureau established to handle international environmental issues was overwhelmed by its new responsibilities.

Do you believe the Oceans and International Environmental and Scientific Affairs Bureau has adequate resources to handle this issue? Are more resources needed?

A: Climate change is managed at the staff level in the Office of Environmental Protection of the Bureau. Two additional officers have been assigned to this office and will be on board shortly. We are considering further organizational adjustments to ensure that adequate resources are available to deal with this important issue.

Q. In your view, what effect would U.S. economic and military sanctions against Turkey have on the intercommunal talks at this time?

A. Imposition of U.S. sanctions against Turkey would surely have a strongly adverse impact on prospects for intercommunal talks. Moreover, sanctions would be highly detrimental to our NATO interests and our overall bilateral relations with Turkey.

As regards the talks, the Government of Turkey has been very supportive of the United Nations Secretary General's efforts to resume and sustain the negotiating process between the two Cypriot parties. Turkish encouragement has been a key factor in the Turkish Cypriot community leadership's continuing participation in the talks. Sanctions against Turkey, tied to the Cyprus dispute and coming at a time when Turkey is strongly backing the UN-sponsored talks, would be incomprehensible to the Turkish Government and would severely damage the underlying foundation for continued Turkish assistance to the UN Secretary General's efforts.

It also is clear that sanctions against Turkey would harm Turkey's ability to maintain critical NATO-dedicated forces. The Turkish economy would suffer badly and our bilateral relationship would be dealt a blow from which recovery would be difficult, if not impossible. We learned from the embargo placed on Turkey from 1975-78 that such pressure will not achieve its stated aim of solving the Cyprus dispute through coercion. The Cyprus problem can only be resolved through direct negotiations between the two Cypriot parties and not through misdirected blows to the head of a key ally.

In sum, our experience from the mid-1970's demonstrates that sanctions would do much harm and no good.

Q. Is it correct that the Bush Administration's request for Economic Support Funds for Cyprus this fiscal year is the same as that requested in the Reagan budget -- $7 million?

This is less than half of the $15 million requested by the Reagan Administration and barely a third of the $20 million appropriated by Congress last year. Why, has the Administration chosen to make such a drastic reduction in assistance to Cyprus at this time? (It seems that now more than ever we should be demonstrating our support for Cyprus, not cutting our aid.)

A. As we have made clear repeatedly in the past few months, this Administration has a strong commitment to a resolution of the Cyprus problem. The $7 million we requested this year does not reflect any intent to diminish the political commitment of the United States to assisting a Cyprus settlement. Rather, it corresponds to the shrinking resource base in recent years and brings our Cyprus program into line with this regrettable but real downward trend. Past efforts to assist the Cypriot people emphasized humanitarian assistance in the wake of the massive disruption of 1974, the revival of the economy, construction of housing and hospitals, restoration of cultural/historical sites, and many other worthwhile projects. We have reached a point, however, where such assistance is no longer sorely needed.

Q. Since the early 1980's, responsibility for the Cyprus issue has been both a part-time and a full-time responsibility within the State Department. Who will be given principal responsibility for Cyprus coordination in the Bush Administration, and will this be a full-time job?

A. This Administration is examining present arrangements within the Department of State for dealing with U.S. interests and concerns related to the Cyprus problem. The Congress may rest assured that helping achieve a settlement of the Cyprus problem is a high priority and that measures will be taken to ensure appropriate and effective means for addressing that priority.

The establishment of a Department of State Special Cyprus Coordinator in 1981, a position currently held by Deputy Assistant Secretary M. James Wilkinson of the Bureau of European and Canadian Affairs, has proven to be a valuable tool in addressing the Cyprus problem. The Special Cyprus Coordinator has been assisted in his responsibilities by the Director and Deputy Director of the Department's Office of Southern European Affairs, a Country Officer for Cyprus, and an alternate Country Officer for Cyprus. All of these officers have travelled to Cyprus, as well as to Greece and Turkey, and are thoroughly familiar with the Cyprus question and related problems. Manpower has not been lacking in our continuing effort to assist the Cypriot parties toward a lasting, mutually acceptable settlement of their dispute. The central problem remains today what it has been for several years: a need for greater communication, understanding, willingness to compromise, and flexibility on the part of both the Cypriot parties to move forward toward a solution.

RESPONSES OF SECRETARY OF STATE BAKER TO QUESTIONS ASKED BY SENATOR PELL

Q. On March 15, 1989, fifteen Members of this Committee sent you a letter asking you to give the Cyprus problem "your prompt personal attention" and "to make the resolution of the long-standing Cyprus impasse a major priority."

What specific steps have you taken to help achieve a settlement on Cyprus?

A. As noted in the April 18, 1989 response to the Members' letter, the Administration shares the view of so many in Congress that a lasting, equitable solution of the Cyprus problem would make a major contribution to our objectives in the eastern Mediterranean. The letter also notes agreement with the Members' analysis that the focus of U.S. policy should continue to be support for the efforts of the United Nations Secretary General.

In pursuit of a Cyprus settlement, we maintain close contact with the office of the UN Secretary General and with his Special Representative in Cyprus. We have an ongoing dialogue with the governments of Greece, Turkey, and Cyprus and with the Turkish Cypriot community. The President met with Turkish Prime Minister Ozal in Tokyo and the Secretary of State has met with the Prime Ministers and Foreign Ministers of Greece and Turkey as well as the Foreign Minister of Cyprus. We also keep close contact with other European allies on the Cyprus question.

Legislative Proposals

Q. To what extent would elimination of these [add-on] charges increase the FMS buying power of FMS grant receipts?

A. Major cuts in security assistance have seriously hurt security partners who are dependent on U.S. military hardware for their self-defense. Fair pricing would eliminate add-on charges (such as non-recurring costs and asset use fees) applied to cases which are grant financed, thereby stretching scarce security assistance resources and lowering costs significantly for purchasers. For example, had fair pricing been in effect last year, Israel could have saved approximately $31 million.

Q. Under the present authority, which countries have utilized the [Southern Region Amendment] program? What has been the value of security resources transferred to date?

A. The Southern Region Amendment (SRA) has served as a cost-effective, non-budgetary means of strengthening the Southern Flank of NATO by permitting Portugal, Greece, and Turkey to acquire excess military hardware from the United States which they otherwise could not afford. The SRA has also been a valuable foreign policy instrument in difficult base rights negotiations.

To date, the United States has offered Portugal, Greece, and Turkey approximately $436 million in excess defense articles. This total includes Portugal's "SRA List III," which was recently notified to Congress. Of the total offered, approximately $173 million in defense articles has been accepted, most of which has been delivered. This sum does not include Portugal's "SRA List III," which remains before Congress.

Q. Do Israel and Egypt seek excess defense articles available under this authority [Southern Region Amendment]?

A. The Administration is seeking permanent legislative authority for the Southern Region Amendment (SRA) to increase flexibility in administering SRA transfers. Although Egypt and Israel have expressed interest in defense hardware available under SRA authority, the Administration takes the position that SRA legislation should continue to focus on NATO southern region countries requiring assistance to meet their pressing defense modernization requirements. The Administration hopes to assist Egypt and Israel in reducing their defense procurement costs through enactment of "fair pricing" legislation.

Q. Does the Administration intend to seek authority to broaden the category of transferable [Southern Region Amendment] articles? If so, what new defense articles are proposed for transfer?

A. The Administration has requested that language in the Southern Region Amendment (SRA) be expanded to permit inclusion of not only articles already declared to be excess, but also those programmed to be excess. The addition of this latter category would greatly facilitate planning and administration of the SRA program.

Sanctions Against Drug Producing and Transiting Countries

Q. Given three years of this pattern, do you believe the certification process as it now exists should be retained? Does the threat of an aid cutoff have a significant impact on producer or transit countries?

A. We should continue the certification process, but I think it can be improved, and we have said to the Congress that we are ready to discuss possible changes. Threats of aid cutoff do have an impact, as evidenced by the suspension of aid to Bolivia in 1986-87, the current suspensions of aid to Panama and Burma which are in part based on lack of performance in the narcotics area, and the opposition to loans to Laos by the multilateral development bank. We have shown governments we are willing to use our economic assistance as a narcotics control lever.

Narcotics Control

Q. Are there other, better means by which we could encourage greater cooperation in the anti-drug efforts by foreign governments?

A. There are several other, more positive means, and most of these relate to economic assistance. Our narcotics assistance program directly stimulates cooperative actions on eradication, enforcement and demand reduction, while selected economic assistance and development programs act as both direct support for narcotics-related economic alternative programs and as indirect encouragement to cooperation. We try to balance our use of economic aid to bolster programs among our friends who cooperate, and use the suspension of these funds as a sanction against those who fail to cooperate. Both are needed.

Q. Critics have charged that the US policy of terminating its economic development relationship with countries as they progress economically beyond the point of being eligible for direct US assistance is short-sighted. Just when the US could benefit from an advanced developing country's academic research and expertise, trade and investment and technology, we remove our official development presence. Do you believe this is a short-sighted policy?

A. Decisions on when individual countries are no longer eligible for direct US assistance are based on a number of

factors. Direct bilateral development assistance normally ends when the US and the developing country have established a strong economic relationship based on trade, investment and the exchange of information and technology.

The United States does not terminate its economic development relationship when we stop providing official development assistance. In some countries such as Brazil, Mexico, Argentina and Venezuela we leverage much larger resources for development through the multilateral development banks. In others we have established science and technology exchange programs. We also offer trade preferences under the Generalized System of Preferences (GSP) and rely on the Trade and Development Program, OPIC and Export-Import Bank programs.

There are mutual benefits that can be realized by building more effectively on relationships established under bilateral development assistance programs. AID is reviewing options to foster new relations with advanced developing countries.

Q. Are there ways we could maintain our economic development presence without great expense?

A. Any new AID programs would be comparatively low in cost, since neither resource transfers nor technical assistance would be necessary. At present the United States usually maintains its economic development presence in advanced developing countries where there are no AID representatives through our Embassies' economic and commercial officers. Economic and commercial officers foster our economic relationships through the Trade and Development Program, OPIC and Export -_Import Bank programs without great expense.

Q. If we do not, do we run the risk of missing the boat in what promises to be the most dynamic foreign markets during the next century?

A. Development assistance resources are scarce; we face many difficult choices in allocating those resources among friendly countries. Budget cuts and earmarked funds limit the Administration's flexibility in advancing US interests.

The US participates in dynamic developing country markets by encouraging trade and investment. We strengthen our economic relationships with the advanced developing countries through bilateral investment treaties, science and technology exchange programs and agreements on the protection of intellectual property rights. We also support full participation in such institutions as the General Agreement on Tariffs and Trade and through US leadership in trade policy maintain a significant position in foreign markets.

Q. The European countries together are investing far more in development assistance (excluding military assistance) than the United States. Japan is in the process of passing the US as the largest single-nation donor. Arab members of the Organization of Petroleum Exporting countries (OPEC) also have become important development donors. What are the implications of our declining position as a provider of aid?

A. Japan, Europe and the non-traditional Arab and Asian donors today share responsibility with the US for providing development assistance. World economic growth and development that US assistance fostered since World War II brought about the shift in the relative positions of donor nations.

While the US may no longer be the world's largest donor, we have maintained the high quality of our assistance. Most U.S. aid is provided as grants. We believe other donor countries should also focus on quality and, most importantly, donor countries should aim to maintain growth, address economic imbalances and keep markets open to provide economic

opportunities for developing countries. Other countries are not replacing the U.S. security shield, which remains indispensable to economic growth and stability.

REPAYMENT OF FMS DEBT

Senator Pell: The Economic Support Fund (ESF) program has been the fastest growing component of the foreign aid budget. For fiscal year 1989, A.I.D. provided $3.3 billion in ESF assistance to 40 countries -- 50 percent of all bilateral foreign economic assistance.

In view of Congressional concerns, A.I.D. has said that it will not permit ESF recipients to use ESF to repay Foreign Military Sales debt except where Congress specifies this to be a proper use. What problems, if any, has this policy posed for ESF cash transfer recipients?

Answer: No problems have been posed by A.I.D.'s policy guidance regarding ESF cash transfers, which precludes FMS debt service as a use of ESF separate account dollars, except where "such use of cash transfers is recognized by statute as amplified by legislative history as valid."

A.I.D. does permit the use of ESF funds to pay military debts in the case of Israel. Our policy with respect to Israel responds to concerns by Members of Congress, is reflected in the legislative history of foreign assistance, and is consistent with our understandings with Israel regarding such use.

ESF SEPARATE ACCOUNTS

Senator Pell: Has A.I.D. encountered any difficulties in implementing the legislative provision requiring separate accounting for cash transfers? What procedures is A.I.D. using to ensure that cash transfer funds are disbursed for authorized purposes?

Answer: A.I.D. has found in implementing the separate account requirement that monitoring these separate accounts requires a considerable amount of staff resources. However, we have successfully implemented the requirement that all ESF cash transfers be maintained in separate accounts. As part of the Internal Control Assessments performed annually in accordance with the Federal Manager's Financial Integrity Act, missions must verify that all dollars disbursed under cash transfer assistance are maintained in separate accounts.

Missions must also verify that their cash transfer assistance agreements describe the general uses to which cash transfer dollars will be put, provide for periodic reporting by the host country on disbursements of the dollars, and describe remedies in cases of noncompliance with the agreement on uses. The results of these internal control assessments indicate that there is overall compliance with the agency policy guidance on ESF cash transfers issued in October, 1987. This should ensure that cash transfer funds are used for authorized purposes.

ESF CASH TRANSFERS

Senator Pell: What does A.I.D. consider appropriate uses for cash transfer assistance? How do such uses contribute to the economic development of ESF countries?

Answer: Cash transfer assistance has become an invaluable tool in the encouragement of economic policy reform programs. Structural adjustment is a long and oftentimes painful process, and infusions of foreign exchange are required to mitigate the destabilizing effects of economic restructuring. Cash transfer assistance cushions the shock of economic adjustments and provides resources necessary to restart sustainable economic growth. Since disbursements of cash transfers are often linked to the implementation of specific reform measures, cash transfer support of host country adjustment efforts enhances prospects for adherence to the reform program.

Cash transfer assistance also provides badly needed balance of payments support for those countries which are overburdened by debt obligations. Again, these resource transfers are often directly linked to steps in the economic reform process.

Examples of cash transfer assistance used for economic reform and development purposes include:

-- Guatemala, where over the past three years cash program assistance has supported the new democratic government's program for tackling severe economic problems and,

through local currency generations, the funding of programs for the native Guatemalan rural poor;

-- Senegal, where a structural adjustment program using cash program assistance and associated local currencies has supported extensive economic policy reforms liberalizing agricultural markets, reducing fiscal deficits and rationalizing the tax system;

-- Costa Rica, where cash transfers supported an economic and financial reform program and help alleviate a serious financial crisis brought on by an unmanageable external debt burden and excessive public sector spending.

Q. In 1987 Congress established a special development fund for Africa in order to improve the effectiveness of U.S. assistance in sub-Saharan Africa and to promote a process of development and economic growth that is "equitable, participatory, environmentally sustainable, and self-reliant."

--How does the Administration intend to use the Fund to achieve those objectives?

A. The Administration is using the increased flexibility provided by the Fund to

-- increase allocations to those countries with higher growth potentials;

-- employ non-project assistance to address systemic development problems and the growing need for private sector support;

-- collaborate more fully with other donors and private voluntary organizations (PVOs);

-- reduce staff time devoted to procurement issues and redeploy it on project implementation; and

-- program current year resources more efficiently to match current year needs.

Q. In 1987 Congress established a special development fund for Africa in order to improve the effectiveness of U.S. assistance in sub-Saharan Africa and to promote a process of development and economic growth that is "equitable, participatory, environmentally sustainable, and self-reliant."

-- What countries will be given priority under the Fund and why?

A. Because of the Fund's emphasis on performance programming, its resources will be concentrated in those countries with strong track records on economic policy and good growth potential. This implies a greater share of U.S. development assistance for such countries as Ghana, Guinea, Madagascar, Mali, Malawi, and Uganda, which together are slated to receive 28% of U.S. bilateral development aid to Africa in FY 1990, as compared with 14% in FY 1987. On the other hand, countries where the policy environment is not conducive to growth will see their share of U.S. development aid reduced. For example, Liberia, Sudan, and Zambia together will see their share of the DFA fall to five percent in FY 1990, down from 15% in FY 1987.

Q. In 1987 Congress established a special development fund for Africa in order to improve the effectiveness of U.S. assistance in sub-Saharan Africa and to promote a process of development and economic growth that is "equitable, participatory, environmentally sustainable, and self-reliant."

-- What will be the balance between program assistance to promote economic reform and development and project assistance that addresses basic human needs?

A. Non-project assistance accounted for approximately one-quarter of DFA funds in FY 1988. We estimate that it will account for approximately 30 percent of the DFA budget in the current fiscal year, and about 30-34 percent in FY 1990.

Q. The Administration has requested $565 million for the Development Fund for Africa in FY 1990. This request includes $50 million for the Southern African Development Coordination Conference (SADCC). Why has the funding for SADCC been collapsed into the Development Fund?

A. The SADCC activities proposed for U.S. funding are consistent with the objectives of the DFA. Therefore, there is no need for a separate appropriation. U.S. support for SADCC is expected to remain at the $50 million level.

Q. The Administration's FY 90 request for Sudan includes $5 million in FMS (grant). What is the rationale for providing this assistance? What items will be procured with these funds? Will these enhance the capability of the Sudanese military forces to prosecute the war against the Sudanese People's Liberation Army? In your view, how would the Sudanese Government react if all military assistance including items in the pipeline were suspended until the SPLA and the Government of Sudan open peace negotiations?

A. Our assistance program aims to maintain essential support for Sudan's legitimate defense needs, and in so doing, to retain our good relationship with the Sudanese military. The Sudanese military is pro-Western, and favors a democratic and moderate Sudan.

Our requested $5 million would permit continued support and maintenance of Sudan's C-130 aircraft; continued support of the National Logistics System (completed in FY88); and continued support of the ground vehicles -- such as V-150s and HUMMVs -- essential to Sudan's ability to patrol its borders with Chad and Libya.

Our military funding will not include lethal assistance directed for use in the civil war.

The Sudanese Government and SPLA have been engaged periodically in peace negotiations. We have continually

pressed the Sudanese government to conclude a peace agreement. It is unlikely that the suspension of all US military assistance would motivate the Sudanese government to be more conciliatory.

Security Assistance: Program Review

Q. Have you had an opportunity to review the Security Assistance program proposed by the Reagan Administration? If so, do you intend to propose any changes in either the overall levels or programs planned for particular countries?

A. The Administration fully supports the FY 90 security assistance request submitted to Congress in early January. The request is austere and reflects hard decisions in the face of budget cuts and widespread earmarking. The proposal for Foreign Military Sales Financing, the Military Assistance Program, International Military Education and Training, and the Economic Support Fund is 2.5 percent above last year's proposal. This is a small increase above a base already reduced from previous years (FY 89 allocations were about $1.7 billion below FY 84 allocations).

Individual country allocations for FY 90 will of course depend on availability of funds and the international security situation later in the year.

Q. If it is necessary to cut, will you be prepared to work with the Committee in identifying areas of possible savings?

A. The Administration would welcome the opportunity to work with Congress in identifying security assistance priorities. However, it should be noted that the FY 90 request already reflects difficult choices made in the face of funding cuts and pervasive earmarking. For example, FY 89 security

assistance allocations are approximately $1.7 billion below FY 84 allocations. Further cuts will only erode confidence in the ability of the United States to exercise its global responsibilities and protect its interests.

Security Assistance: Growth in Program

Q. Do you consider security assistance levels adequate?

A. For more than four decades, security assistance has proved essential in furthering and protecting U.S. foreign policy and security interests. However, significant cuts in security assistance funding in recent years (from more than $12 billion in FY 85 to less than $8 billion in FY 89) threaten U.S. access, influence, and objectives in key regions of the world. The Administration wishes to engage Congress in a dialogue to ensure more adequate and predictable funding levels.

Q. Given budget problems and other priorities, do you think that security assistance levels should be increased?

A. Security assistance levels have been cut and earmaked significantly in recent years, reducing the ability of the United States to fulfill important national security and foreign policy objectives. The FY 90 request represents only a 2.5 percent increase over the FY 89 request, a modest increase above a baseline already severely cut from previous years. Further cuts, together with widespread legislative earmarking, will place important U.S. interests in jeopardy and undermine confidence in U.S. leadership.

Q. If so [if you think security assistance levels should be increased], how should we get the money?

A. The proposed FY 90 security assistance budget is 2.5 percent above last year's austere request, yet nearly 13

percent below FY 84 appropriated levels. Thus, the small increase relative to last year's request which we are asking be authorized and appropriated must be judged against the major funding cuts of the last five years.

The modest increase in funding requested for FY 90 is required to meet important base rights and access commitments (the Philippines, Portugal, Greece, Turkey, and Oman); enhance the narcotics control capabilities of Andean and Caribbean countries; continue assistance to Pakistan and displaced Afghans; improve the self-defense capabilities of El Salvador, Honduras, and Thailand; and sustain U.S.-origin equipment in several African countries.

Q. What do you anticipate as trends in security assistance request levels during this Administration?

A. It is difficult to predict future trends in request levels, given the uncertainties of international affairs. Request levels will vary according to U.S. foreign policy objectives, the security situation, and the availability of resources. The Administration will continue to seek the funding necessary to promote Middle East peace, meet needs related to base rights and access, and strengthen the self-defense capabilities of friends and security partners in Latin America, the Caribbean, Asia, and Africa.

Q. What is your perspective on earmarking of security assistance funds by the Congress?

A. The Administration believes strongly that legislative earmarking must be minimized, so that the United States can apply scarce resources where they best advance U.S. interests and exercise the necessary flexibility to meet constantly changing foreign policy challenges. Such flexibility would

not necessarily bring marked changes in the allocation of resources, since many current recipients have had longstanding security assistance relationships with the United States. However, funds would be allocated more effectively, and increased flexibility would give the United States more leverage in meeting challenges to its interests.

DoD Support

Q. If security assistance is in our national security interests and if security assistance funding is strained in any particular areas, would it make sense to get any needed additional funding from DoD money?

A. For more than forty years, security assistance has served as a valuable instrument of foreign policy. Because security assistance is provided for the specific purpose of strengthening U.S.-recipient country security relationships and common/national defense, it should logically remain under the International Affairs (150) budget function, where it continues to serve as a key component of U.S. foreign and national security policy.

All-Grant Assistance

Q. The 1987 foreign assistance authorization bill approved by this Committee would have transformed military assistance into an all-grant program. Does this Administration concur with the Reagan Administration in supporting this approach?

A. The Administration supports requesting all-grant FMSF to avoid adding to the debt burden of U.S. security partners and to maximize the effectiveness of such assistance. This effort is consistent with the Congressional wish not to add to the debt burden of friends and allies who are already financially-strapped. FMSF grants will permit eligible recipients to strengthen their self-defense capabilities, in a

manner supporting U.S. interests, without diverting scarce domestic resources from badly needed economic adjustment and development.

"Base Rights" Countries

Q. Do you believe that providing the U.S. with base rights or base access is a form of "burdensharing" by allies? If so, is there any basis then for providing security assistance as a "quid pro quo" for base rights for the United States?

A. Base rights and military access allow the United States to advance its national security interests, meet its commitments to friends and allies, and strengthen alliance and regional security relationships. Thus, countries that provide base rights contribute in a tangible way, within their economic limitations, to the safeguarding of important U.S. interests and to the common defense. Security assistance improves the ability of eligible base rights recipients to meet pressing defense modernization needs and to fulfill collective security responsibilities. As in the past, such assistance should be dependent on such factors as the nature of the security threat, mutuality of interests, state of bilateral cooperation, economic and military need, and resource availability.

Q. Do you feel that arms sales are primarily an instrument of U.S. national security policy and, as such, should be subject to rigorous Executive Branch and Congressional review? Please explain why you hold your views.

A. Arms sales to good friends and allies of the U.S. are indeed a very important instrument for enhancing U.S. national security and advancing our interests at home and abroad. They are properly the focus of attention in both the Executive and Legislative branches. Through arms sales, we can help our friends and allies strengthen and modernize their military capabilities to be able to defend effectively against threats to their own security and to international peace and stability.

We also increase the ability of U.S. forces to project power and operate jointly with our friends in defense of shared interests. As a by-product, we can also sustain, and sometimes enhance, the capabilities, efficiency, and cost effectiveness of our defense production base.

We also demonstrate our longer-term interest in and commitment to the security of friends through our willingness to help keep them from being at a military disadvantage vis-a-vis their neighbors.

Q. Previous Administrations have issued public policy guidelines governing the transfer of arms and technology. Do you believe this Administration should do the same?

A. We look carefully at each arms transfer request and consider a variety of factors before reaching decisions.

First and foremost, we consider whether the legitimate defensive needs of the country requesting the sale justifies the system being requested.

We also consider such things as the extent to which the country can absorb the item from a technical and equipment support standpoint, and what, if any, undue economic burden would result from the transfer.

If it is a system that would be new to a region, we weigh the effect the sale would have on regional stability. We also consider possible concerns about proliferation of new weapons technologies against any contributions to our other interests and objectives we might gain in either the country or the region concerned.

As these guidelines are essentially the same as the ones that governed arms transfers for the last several years, we see no need to issue new ones.

The Special Cyprus Coordinator has travelled frequently to the region and completed his latest trip there in late March. He also met in Washington on April 10 with an advisor to

Cypriot President Vassiliou, Dr. Michael Attalides. He has tried to keep Members of Congress informed of his progress directly or through their staffs.

As also mentioned in the April 18 response to the Members' letter, we appreciate the Members' interest and the broad, bipartisan support for the UN Secretary General's efforts.

Q. What kinds of controls or prohibitions do you believe should be applied to arms transfers?

A. Transfers of significant military equipment, as well as any controls or prohibitions thereon, should be carefully considered on a case-by-case basis and decided on the basis of how the transfer promotes and protects U.S. economic, security and foreign policy interests over time.

Q. Just before leaving office, the Reagan Administration submitted the Javits Report on possible arms transfers during this calendar year. If you have had an opportunity to review that report, are there sales you consider less likely or sales you would like to make which were not on the report?

A. The possible sales on which discussions with countries are further along and which we think it will likely reach the point of Letters of Offer in 1989 are noted with an asterisk in the Javits Report submitted in January.

At present, there are no sales which are not on the report which we would like to make. However, as it was pointed out in the Javits Report briefings we gave in January, the list is presented not as some definitive blueprint for the year, but so that Congress may have a sense of the general scope and direction U.S. arms sales might be taking in 1989. Some of the sales listed in the Javits Report may never materialize; others may occur, but not until after 1989; and still others may arise later in the year that are unforeseen right now.

Q. Several years ago, the Reagan Administration conducted a major study, the Middle East Arms Transfer Study, which was never provided to the Congress.

Given the delicate balance in the region, are you considering another such study as a guide in making sales decisions?

If you are prepared to make such a study, would you share and consult with Congress regarding your plans for transfers?

A. We do not at the present time have any plans for another major study of arms sales to the Middle East. Let me assure you, however, that all factors (threat requiring the system, effect on regional balance, ability of the purchaser to absorb the technology, U.S. foreign policy interests) are carefully considered before any sale is approved.

Q: The State Department's FY 1990 budget contains no funding request relating to the U.S. Embassy in Moscow. When do you expect to have a recommendation on how to address the Moscow Embassy problem? What is your preferred option at this point?

A: The only expenditures presently anticipated as necessary for the Moscow project in FY 1990 can be funded from the unexpended balance in the amount already appropriated for the New Office Building, once a decision is reached. Funds and necessary authorization for the major construction work will be requested for FY 1991.

The Administration's review of options for dealing with the Moscow buildings issue is progressing well under the leadership of Ambassador Nicolas M. Salgo. Recommendations for dealing with the problem should be ready soon, at which point we will consult with the Congress on the principal alternatives and seek consensus on a solution.

Q: Under the FY 1988/89 Foreign Relations Authorization Act, the President will have to notify the Soviet Union of the termination of the 1969 agreement providing for the Soviet Embassy on Mount Alto and the U.S. Embassy in Moscow unless he determines: 1) that it is vital to U.S. national security that we not withdraw from the agreement, 2) that steps have been or will be taken to ensure that the U.S. Embassy in Moscow can be made safe and secure, and 3), that steps have been taken to eliminate the damage to U.S. national security due to electronic surveillance from Soviet facilities on Mount Alto. The Administration has requested new legislation that would amend the existing provision. Can you please give us the reasons for this request? What would be the consequence of failing to change the current law?

A: As currently drafted, Section 151 of P.L. 100-204 does not provide a workable framework for resolving the issue despite the waiver alternative included. Voiding the agreements would force the Soviets out of Mt. Alto and destroy our ability to operate in the Soviet Union:

- o Our people would be forced back into KGB-controlled apartments scattered throughout Moscow.
- o Would have to sharply reduce size of staff.
- o Would remove Soviet incentives to cooperate with completion of security upgrade and physical rehabilitation of EOB and obstruct efforts to renew lease on EOB.

As the President indicated in signing statement to that Act, the requirement to terminate the agreements could be construed as interfering with the discharge of his responsibilities in the area of international relations.

The waiver provision also intrudes on the prerogatives of the President in the area of foreign affairs and could be interpreted as requiring determinations that could never be made for any building.

The Administration proposals for revision of Section 151 would make the waiver requirements more realistic to meet, while acknowledging continuing concern about the issue.

Kiev Consulate

Section 153 (b) of the FY 1988-89 Foreign Relations Act prohibits the Soviet Union from occupying any new consulate in the United States until the U.S. is able to occupy "secure and permanent facilities" in Kiev. In your authorization request, you have asked to delete the requirement for "secure and permanent facilities" in Kiev, and require instead that the Soviet Union not be allowed to open a new consulate in the U.S "except on the basis of reciprocity as to the establishment by the U.S. of a consulate in Kiev."

Q. Can you give us the reason for this request?

A. We are working on the concept of a small post with a staff of fewer than ten in Kiev, in a leased facility which would not hold classified material. Such a post could be run at a relatively low cost and without any risk of security penetration, while allowing us to carry out consular services, support for American trade, public diplomacy, and political and economic reporting.

We would like to open such a post in Kiev soon, in order to deal with the rapidly growing demand for consular services faced by our posts in the Soviet Union and to take advantage of the increasing opportunities for reporting, particularly outside of Moscow and the Russian Republic. We would also like to maintain flexibility, so that we might in the future, if conditions warranted it, enlarge or otherwise alter the post in Kiev. However, the present legal provision that our facilities in Kiev must be "secure and permanent" prohibits us from going ahead with this plan. Therefore the Administration has submitted an amendment to this legislation. To be sure, any new consulate to be opened here by the Soviets would be bound by the same conditions as our own, based on the principle of strict reciprocity.

We continue to prefer the version of this amendment submitted by the Administration over that passed by the House

because the latter would be extremely cumbersome and would cause serious uncertainties as to how long the Kiev consulate could remain open.

Q. Do you think that a U.S. consulate in Kiev can play a useful role even if it is not completely "secure"?

A. Yes. The vital functions of a consulate could be carried out without the presence of a Marine guard detachment or a traditional secure communications unit. These include most consular and commercial services, information and cultural operations, political and economic reporting, and representation. While the post would not have conventional secure telecommunications, it would have a way of communicating through the use of courier services to the Embassy in Moscow and to posts outside the Soviet Union, and would have the telephone for unclassified communication. Of course, security procedures would be in effect, under the supervision of a resident security officer, to ensure that our people were not being exposed to Soviet recruitment attempts. As you know, we currently have two posts in Poland, Krakow and Poznan, which do not hold classified material but which nevertheless function very effectively.

Diplomatic Security

Q. The Administration's FY 1990 budget request for the "Acquisition and Maintenance of Buildings Abroad" account is 45% above the appropriated level for FY 1989.

-- How can you justify this huge increase at this time?

-- Are the new construction projects necessitated primarily by the stringent security requirements of the Diplomatic Security Act of 1986, or have they been undertaken primarily for other reasons, such as routine upgrade?

A. The FY 1990 request appears unusually high due to the fact that no funding was appropriated in either FY 1988 or FY 1989

for new Diplomatic Security construction projects, and funding for other capital projects was substantially reduced. The requested FY 1990 increase in this account is mainly for projects under the overseas capital construction program. The request resumes the Department's commitment towards this program. The FY 1990 increase will cover the following projects:

-- A new chancery in Bangkok under the Diplomatic Security construction program. The present chancery building in Bangkok does not meet current security standards, and the older portion of the building is in danger of structural failure due to unstable ground support. In addition, the building is too small to accommodate all U.S. Government operations in this post.

-- A pre-engineered chancery in Port Moresby. A non-renewable lease for the existing chancery building expires in December 1990 and must be replaced. This project will serve as a prototype for a new family of pre-engineered buildings which can be used where security (low physical-threat) and operational requirements permit at a much lower cost and with a shorter lead time.

-- The ongoing rehabilitation of the Bonn chancery, to complete the security, life and fire safety, and energy-efficient related upgrades of this building, one of the largest office buildings in the Department's overseas inventory.

-- Security projects and related activities at overseas facilities occupied by USAID, USIS and Commerce.

Q. Are you familiar with the interim report of the Commission on the Foreign Service Personnel System?

A. Yes. I have met with the commissioners, and I understand that they have concerns about the Foreign Service personnel system, as well as some proposals for improvements that they will be putting forward in their final report. I look forward to reviewing the final report and its recommendations.

Q. Do you plan to conduct a thorough review of personnel issues within the Department? If so, how?

A. The Department currently has one in-house review of personnel matters in hand. Ambassador L. Paul Bremer is heading an effort to look at several issues affecting Foreign Service generalists. His group will file its report and recommendations soon. This will provide an opportunity to compare and contrast views expressed therein with those of the Commission on the Foreign Service Personnel System. The Department will also be looking at the regular monitoring and compliance reports on personnel matters that are generated by the Equal Employment Opportunity Commission and by the Inspector General.

Q. Is this Bureau now staffed adequately, particularly given the need to contend with growing Soviet involvement in international organizations?

A. In general, the Bureau is adequately staffed to carry out its responsibilities although--as is the case in most organizational elements--there will be peaks and valleys in terms of volume of work vs. personnel resources. This is something all managers must cope with as I believe the Bureau has.

The growing Soviet involvement in international organizations has created both opportunities and challenges for the United States. The Bureau, with its current level of

staffing, has been able to respond effectively. For example the IO Bureau, and the U.S. Mission to the UN, working together, have taken advantage of the new Soviet interest in using the UN to facilitate resolution of regional conflicts by engaging the Soviets in a series of dialogues that have led to the establishment of new UN peacekeeping operations in Afghanistan, the Persian Gulf, and Angola/Namibia--all of which serve important U.S. interests. In addition, we are seeking to engage the Soviets more actively in using the UN system to handle troublesome transnational issues of interest to the United States, including terrorism, narcotics, health, and the environment. We have also successfully contained unhelpful Soviet UN initiatives, such as its proposal for a "comprehensive system of international peace and security", a broad umbrella concept encompassing a wide variety of political, military, economic, and other initiatives inimical to U.S. interests.

Q. Since other departments and agencies often participate actively in the meetings and programs of various international organizations, including the UN System, would the detailing of staff from other U.S. agencies assist the Bureau in coordinating effective American participation in such organizations?

A. There are presently two employees of AID detailed to the Bureau, both of whom are in the Office of International Development Assistance (IO/D). This office is responsible for the formulation and implementation of policy concerning the multilateral development organizations of the United Nations, including the Food and Agriculture Organization (FAO), World Food Program (WFP), UN Development Program (UNDP), UN Fund for Population Activities (UNFPA), and the UN Children's Fund (UNICEF). One of the individuals on detail from AID is the Director of this office. The other is the Chief of the Evaluation and Planning Division. This arrangement works

well. At present, we see no particular benefit in expanding such an arrangement to other agencies as the existing coordination mechanisms are also working well.

Q. On three separate occasions, the Senate has passed legislation requiring the Department to address abuses of diplomatic immunity. The thrust of the Senate legislation has been that foreign diplomats charged with serious crimes must be expelled permanently from the U.S. -- unless the country in question has waived the diplomat's immunity, allowing prosecution for the alleged crime to proceed. Under the direction of Judge Sofaer, the Department has drafted a set of regulations "to effectively govern abuses of diplomatic immunity."

-- Are you familiar with these proposed regulations?

-- Do they have the support of Secretary Baker?

-- How do you intend to deal with the problem of abuse of diplomatic immunity?

A. I am familiar with the new strict and comprehensive regulations adopted by former Secretary Shultz before he left office. These tough rules include a requirement that the Department always seek a waiver of immunity, allowing trial, or the removal of an immune individual who has committed a serious crime.

These draft regulations have my full support. I believe that abuse of diplomatic immunity, especially when it results in injuries to persons or property, must be treated very seriously. We intend to publish and adopt the regulations after receiving full comments from interested members of Congress.

We must also keep in mind that diplomatic immunity is essential to the effective operation of U.S. missions overseas. We are tough on abuse, but we are also careful to follow the rules that we expect others to follow.

Q. In President Bush's March 1, 1989 report to the Congress on the Cyprus question, the President states that "under my Administration, we will continue high-level attention to Cyprus." He then notes that "the Department of State created the post of Special Cyprus Coordinator in 1981 and has assigned this responsibility continuously to a policy-level officer since that time."

-- Currently the Deputy Assistant Secretary for Southern European Affairs also holds the job of Special Cyprus Coordinator. At other times, the job of Cyprus Coordinator has been assigned to someone devoted almost full time to the Cyprus question. Who will be given principal responsibility for Cyprus Coordination in the Bush Administration?

A. This Administration is examining present arrangements within the Department of State for dealing with U.S. interests and concerns related to the Cyprus problem. The Congress may rest assured that helping achieve a settlement of the Cyprus problem is a high priority and that measures will be taken to ensure appropriate and effective means for addressing that priority.

The establishment of a Department of State Special Cyprus Coordinator in 1981, a position currently held by Deputy Assistant Secretary M. James Wilkinson of the Bureau of European and Canadian Affairs, has proven to be a valuable tool in addressing the Cyprus problem. The Special Cyprus Coordinator has been assisted in his responsibilities by the Director and Deputy Director of the Department's Office of Southern European Affairs, a Country Officer for Cyprus, and an alternate Country Officer for Cyprus. All of these officers have travelled to Cyprus, as well as to Greece and Turkey, and are thoroughly familiar with the Cyprus question and related problems. Manpower has not been lacking in our continuing effort to assist the Cypriot parties toward a lasting, mutually

acceptable settlement of their dispute. The central problem remains today what it has been for several years: a need for greater communication, understanding, willingness to compromise, and flexibility on the part of both the Cypriot parties to move forward toward a solution.

Q. In response to questions raised by the Committee members in connection with his confirmation hearing to be UN Ambassador, Ambassador Pickering said the Bush Administration endorsed the Reagan Administration decision to provide the full U.S. assessed contribution to UN organizations and begin to repay U.S. arrearages.

-- What would be the consequences of failing to meet our assessed contributions this year?

A. We are committed to meeting our legal obligations of membership and paying our outstanding arrearages to international organizations. In light of the progress made on UN system reforms, shortfalls in our assessed contributions would raise questions about the seriousness of the President's support for the UN and other international organizations. Our credibility is on the line - the agencies have responded positively to Administration and Congressional calls for reform - we ought to follow through now and demonstrate our political and financial support for these agencies. If we fail to meet our assessments, I expect the reform momentum will fade with a consequent loss of efficiency and economy of operations and loss of U.S. influence in key areas of concern to us such as the important new peacekeeping activities, drug control efforts, dealing with AIDS, environmental protection and strengthening of human rights.

Q. Ambassador Pickering informed the Committee that the Bush Administration endorsed the Reagan Administration's requested budget cut for UNICEF. Given the recent UNICEF report on the state of the world's children, do you think this is the time to be cutting U.S. support to UNICEF?

A. It is certainly not the intention of this Administration to diminish our unflagging support for UNICEF.

The decision on the FY 1990 request level was made solely within the context of all the other claims on the budget and the availability of revenues.

Q. In your view are the deep cuts in the Reagan budget for UNICEF consistent with President Bush's call for "a kinder and gentler nation.?" Would you recommend funding UNICEF at last year's level?

A. I do not think that the level of our request for UNICEF is inconsistent with the President's humanitarian focus.

The Administration, through its sizeable contributions, continues to recognize UNICEF's outstanding performance in the delivery of humanitarian development assistance programs.

At the Administration's budget request of $33.9 million for UNICEF in FY 1990 represents a nearly six percent increase over last year's request ($32 million). At the same time, we recognize that the amount requested is less than that appropriated for FY 1989.

It is not the intention of the Administration to diminish the U.S.' unflagging support for UNICEF. UNICEF's performance in the delivery of humanitarian development assistance programs continues to be outstanding.

Q. For Fiscal Year 1989, the Congress earmarked $9.5 million for the U.N. Environment Program. The Reagan Administration budget request cuts the U.S. contribution to $8 million -- a 16% decrease. ... At a time when it is increasingly urgent that the world community develop policy responses to the problems related to the greenhouse effect, the destruction of the ozone layer, the loss of bio-diversity, and other degradations of our world environment, do you think such a reduction would be justified?

A. The Administration's request for $8 million in FY 1990 as the U.S. contribution to UNEP actually constitutes an increase of 17% over the amount requested for FY 1989. In addition, for

the first time our budget request includes, as a separate activity, a request to fund the activities of the Intergovernmental Panel on Climate Change (IPCC), an international mechanism to stimulate consideration of a number of problems related to the Earth's atmosphere. This reflects an awareness of and a responsiveness to the increased urgency of pressing environmental issues while taking into account overall U.S. national interests and persisting budgetary constraints.

It should be noted that UNEP's principal purpose is to stimulate and coordinate environmental activities on the part of member governments and other agencies. It is not UNEP's function to fund or conduct environmental programs in member countries, and thus UNEP's budget should not necessarily increase in parallel with the growth of environmental awareness.

In addition, the Administration maintains the view that support for UNEP should be genuinely multilateral in nature. Because UNEP addresses issues of common concern to all nations, we encourage other countries to increase their share of contributions to UNEP's work.

Q. For Fiscal Year 1989, the Congress earmarked $9.5 million for the U.N. Environment Program. The Reagan Administration budget request cuts the U.S. contribution to $6 million -- a 16% decrease. ... Do you think such a cut would be consistent with President Bush's pledge to lead an international effort to protect the environment?

A. As noted earlier, the Administration's request for $6 million for UNEP in FY 1990 actually constitutes a 17% increase over the amount requested for FY 1989. In addition, for the first time our budget request includes, as a separate activity, a request to fund the activities of the Intergovernmental Panel

on Climate Change (IPCC), an international mechanism to stimulate consideration of a number of problems related to the Earth's atmosphere.

The Administration has under active consideration a number of possible initiatives or actions in the framework of the U.S.'s international environmental policy. Existing international organizations and institutions, of course, will continue to play significant roles in U.S. policy. It remains to be determined whether and to what extent any such organizations should expand their activities -- and whether any expansion should entail budgetary growth, or be matched by an increase in U.S. contributions.

Q. For Fiscal Year 1989, the Congress earmarked $9.5 million for the U.N. Environment Program. The Reagan Administration budget request cuts the U.S. contribution to $8 million -- a 16% decrease. ... Would you recommend maintaining funding for UNEP at last year's level?

A. As mentioned previously, the Administration's current request for UNEP is 17% greater than last year's request. We would also encourage other countries to consider appropriate increases in their contributions to UNEP. In addition, for the first time our budget request includes, as a separate activity, a request to fund the activities of the Intergovernment Panel on Climate Change (IPCC), an international mechanism to stimulate consideration of a number of problems related to the Earth's atmosphere.

Q. In view of the global context of many pressing environmental problems--global warming, ocean pollution, loss of biological diversity--will a Bush Administration place a much higher priority on the international environment in its foreign policy?

A. The necessity of urgent action to confront global environmental issues continues to grow. This administration will be extremely active in international fora; during the first

six months of the new administration we will be represented at over 50 international meetings dealing with environmental issues. We are constrained by both personnel and financial resources, but these issues have a high priority and we intend to see that our views are carefully formulated and that they are heard.

Q. If so, what will be the concrete expression of this new priority?

A. We began to demonstrate this new priority my second week in office when I chose the Response Strategies Working Group (RSWG) of the Intergovernmental Panel on Climate Change (IPCC) as the first international forum I would address. The U.S. is chairman of the RSWG and we will do our best to provide effective leadership. To achieve this, the office handling these matters at State is being expanded. We are sending a very strong delegation to the UNEP Governing Council this month, where global climate change will be perhaps the most important single item on the agenda. We will be working hard to expand the number of adherents to the ozone protocol. The President has recently stated his commitment to seek legislation to reduce acidic depositions, to reduce the problem of acid rain. We are actively engaged in preliminary international talks on the feasibility of negotiating an international convention to protect the world's biological diversity.

We are working within CITES (the Convention on International Trade in Endangered Species), from our position as current chairman of the CITES Standing Committee, to tighten up the regulations governing the movement of threatened and endangered species, and to halt the illegal trade in these species and their products.

Environmental issues are on the agenda of the NATO Summit, the OECD ministerial, the July Economic Summit, and will occupy a prominent place at this year's General Assembly. I assure you there will be no lack of evidence of our involvement in these issues.

Q. Last year President Gorbachev announced that the Soviet Union would pay off its arrearages to the United Nations. He has also urged the U.N. to undertake ambitious new initiatives on the environment, international debt, and regional stability. Do these actions signal a new Soviet attitude toward the U.N.?

A. During the last two years, the Soviets have shown increasing interest in the UN. They have made a wide range of proposals aimed at expanding the functions of the Secretary-General and the major UN organs as well as the scope of peacekeeping operations. They have also begun paying off their arrears.

Soviet objectives are are to attain a greater influence in the UN and to advance Soviet foreign policy interests. They are interested in playing a larger role in settling security issues and regional disputes, and in being regarded as a legitimate participant. The Soviets may also wish to undercut Western influence in security and regional issues and challenge Western influence.

We welcome Soviet interest in dealing productively on UN-related issues. We have indicated a readiness to discuss any proposals which would enhance the ability of the UN to solve real global problems such as terrorism, narcotics, or pollution, or to facilitate ending regional conflicts which are so destructive of lives and property. At the same time, we remain alert to, and will work against, any efforts by the Soviets to move the UN in directions inimical to our interests.

Soviet UN Initiatives

Q: Do you believe the improved U.S.-Soviet relationship offers an opportunity for the Security Council to work more effectively in reducing regional tensions around the globe? What are the most promising areas for closer U.S.-Soviet cooperation within the UN framework?

A: Certainly the improved U.S.-Soviet relationship offers new opportunities for the Security Council to help reduce regional tensions. Perhaps most basic, though, has been a Soviet recognition that closer cooperation with the UN and use of its peacekeeping machinery is in Soviet interests. This recognition has facilitated the ending of the occupation of Afghanistan and has helped us make progress

toward Namibian independence. But while improvements in U.S.-Soviet relations have helped in individual cases, it does not automatically follow that the Security Council will be able to work effectively in all regional conflicts. The success of peacekeeping operations in reducing regional tensions depends on the ability of parties to a conflict to first agree on the basic outlines of a political settlement. Absent such agreement, we have no guarantee that the UN would be successful in such areas as Cambodia or the Middle East.

I believe that some of the most promising areas for closer U.S.-Soviet cooperation in the UN framework are those we are identifying in the newly-created transnational agenda as part of our expanded dialogue with the Soviets. The transnational agenda includes such questions as narcotics, terrorism, health, and the environment. I also believe we should seek to engage the Soviets constructively on human rights issues in the UN framework. I will be discussing these issues with Foreign Minister Shevardnadze during my May 10-11 visit to Moscow.

Q. What is your policy with regard to renewed U.S. participation in UNESCO?

A. Our policy on UNESCO is to work actively with our allies and the UNESCO Secretariat to promote reform. At such time as satisfactory changes have been achieved, we will consider reentry. There has been a change of leadership, and we have engaged in an open and constructive dialogue with the new Director General, Federico Mayor. He is making headway in depoliticizing the Organization, particularly on free press issues and human rights. We are

also looking for budgetary discipline, management reform of the Secretariat and program concentration. UNESCO's General Conference will be asked to adopt and thus institutionalize Mayor's reform proposals in October. Progress has been made, but not yet enough. We will need to take a close look at our UNESCO policy later in the year. Included in this review will be the possibility of reentry.